

# ROAD MAP FOR NATIONAL SECURITY

ADDENDUM ON  
STRUCTURE AND  
PROCESS ANALYSES



Volume II - Executive  
Office of the President

**United States Commission  
on  
National Security/21<sup>st</sup> Century**

**April 15, 2001**

**National Security Study Group**

**assisted by**

**Booz·Allen & Hamilton**

## **PREFACE**

### **EXECUTIVE OFFICE OF THE PRESIDENT**

The chapters in this volume provide information concerning organizations in the Executive Office of the President, including the National Economic Council, the National Security Council, the Office of Management and Budget, the Council of Economic Advisors, and the Office of Drug Control Policy.

Each chapter is designed to serve as a stand-alone reference for a specific organization and its role in national security processes. Chapters are presented in standard format to permit comparisons and facilitate research. That format is:

- An executive summary that provides an organizational overview and observations.
- Section 1 identifies the legal basis for the organization and significant organization and interagency directives.
- Section 2 notes the major responsibilities of the organization, identifies subordinate organizations, and delineates the organization's major products.
- Sections 3 and 4 deal with the vision, strategy, values, culture, leadership, staff attributes, and structure of the organization.
- Section 5 discusses the organization's formal role seven key processes.
- Section 6 provides information on the organization's roles in informal processes.
- Section 7 outlines the responsible Congressional committees, the budget, and the personnel strength of the organization.
- Section 8 provides observations on ways in which the organization contributes to national security.

Descriptions of organizations deemed most significant in terms of the current national security apparatus include matrices that relate products and roles to processes. Process maps have been added as appendices for these organizations. Where it may be helpful for readers to consult other chapters to gain a more complete understanding of particular concepts or issues, the appropriate references are included in the text or in footnotes. An acronym glossary is included at the end of Volume VII.

The entire series consists of seven volumes:

- Volume I contains descriptions of the overarching interagency and inter branch processes as well as key observations on organizations and processes;
- Volume II contains chapters on the Executive Office of the President.
- Volume III contains chapters on key Congressional Committees.
- Volume IV provides descriptions of key Department of State Organizations.
- Volume V discusses Department of Defense organizations.
- Volume VI covers intelligence community organizations and activities.
- Volumes VIIa and VIIb describe Executive Branch organizations not covered elsewhere.

These volumes are based on comprehensive searches of available literature, laws, and directives and extensive interviews with current and former practitioners. Research included both formal and informal processes. There is sufficient information on each organization to fill several volumes, thus the synthesis of this information focuses on national security processes as defined by the U.S. Commission on National Security/21<sup>st</sup> Century.

# **Volume II – Executive Office of the President**

- Chapter 1**      National Economic Council (NEC)
- Chapter 2**      National Security Council (NSC)
- Chapter 3**      Office of Management & Budget (OMB)
- Chapter 4**      Council of Economic Advisors (CEA)
- Chapter 5**      Office of National Drug Control Policy (ONDCP)
- Chapter 6**      Office of Science and Technology Policy (OSTP)
- Bibliography**

**ORGANIZATIONAL DESCRIPTION**  
**NATIONAL ECONOMIC COUNCIL (NEC)**



*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## **EXECUTIVE SUMMARY**

### **The National Economic Council (NEC)**

#### **Overview**

The National Economic Council (NEC) was created in January 1993 by Executive Order 12835 to coordinate domestic and international economic policies. The Council staff is under the direction of the Assistant to the President for Economic Policy, who, by direction of Presidential Decision Directive 2, is also a member of the National Security Council (NSC). The NEC has responsibilities for:

- Coordinating both domestic and international economic policy making;
- Coordinating economic advice presented to the President;
- Ensuring that economic policy decisions and associated programs support the President's goals and ensuring that his goals are pursued effectively; and
- Monitoring "implementation of the President's economic policy agenda."

All three Assistants to the President for Economic Policy since the NEC's inception have focused the NEC's efforts on policy coordination rather than policy implementation.

#### **Organization**

The NEC has two organizational dimensions. The Council itself is chaired by the President and consists of 18 members, several of which are also NSC members. A small staff of lawyers, economists, and international economists (organized into domestic and international policy clusters) supports the Council. The NEC and NSC also share a few staff members who are international economists. Unlike the NSC, which is a stand-alone organization within the Executive Office of the President, the NEC is a sub element of the Office of Policy Development and is funded and staffed by that office.

#### **Role In Formal and Informal National Security Processes**

The NEC staff uses an interagency system that is similar to that used by the NSC. It consists of a Principals Committee, and Deputies Committee, and a series of Interagency Working Groups. However, the NEC's approach to policy development within this system tends to be somewhat less formal and disciplined. This is, in part, the result of efforts by early directors to establish good relations with other major economic policy stakeholders and to keep the NEC from becoming mired in bureaucracy. Like the NSC system, the NEC also has informal processes including relatively exclusive groups that focus on specific issues, groups that meet over meals, and extensive staff-level networks for information and consensus building.

		Strategy Development	Policy, Guidance, and Regulations	Planning	Mission Execution	Observation, Orientation, and Oversight	Preparation	Resourcing
Products	Economic Policy		✓	✓				
	Agendas and Issues		✓				✓	✓
	Input on Foreign Policy Issues		✓					
	Advice and Decision Support		✓					✓
	Economic Sanctions Policy		✓					
Roles	Director, NEC	Advice	✓	✓	✓	✓		✓

**Strategy Development:** The Director of the NEC staff, in his role as Assistant to the President for Economic Policy, provides advice to the President engaged in strategy development.

**Policy, Guidance, and Oversight:** The NEC focuses on the coordination of economic policy making efforts; inclusion of the correct economic policy matters on high level meeting agendas; effects of economic policy and foreign policy making and the effects of foreign policy on economic policy and objectives; and, policy coordination for economic sanctions.

**Planning:** On high priority issues of interest to the President, the NEC performs narrowly focused, short term planning. The NEC staff is not large enough to engage in comprehensive long range planning of the sort done routinely by the Department of Defense.

**Mission Execution:** Except for advice, the NEC plays no role in mission execution.

**Observation, Orientation, and Oversight:** By design, the NEC depends on other Executive Branch Departments and Agencies to implement and monitor economic policies.

**Preparation:** The NEC focuses on issues and agenda items for Presidential meetings and summits. In doing this, it works in close collaboration with the NSC.

**Resourcing:** The NEC is involved in preparation of the President’s Budget, especially in the development of initiatives and priorities and participating in resource allocation decisions. As described by one staff member, the NEC plays a coordinating role between policy, budget initiatives, and politics.

## Observations

The NEC was established with the idea that it would operate collegially with other key economic policy players. To that end, the organization focused on policy coordination, rather than policy implementation oversight, and it sought processes that were non-threatening. The NEC's attempts to establish and maintain appear to have been partially successful. Its relationships with Treasury, Office of Management and Budget (OMB), and Council of Economic Advisors (CEA) appear to be smooth and productive for the most part. Although the U.S. Trade Representative (USTR) has sometimes sought to go around the NEC and deal directly with the President, NEC staff noted during interviews that relations had improved in the last several years and there were few existing tensions.

Relations with the NSC have had some rough spots. NEC staff indicated that there were times when the NSC staff appeared not to take into account economic factors when considering major foreign policy issues. The extent to which unhelpful friction exists between the two staffs is difficult to determine. Certainly the mechanisms to improve coordination between them exist. PDD 2 and E.O. 12835 both provide for inter-council coordination and the NEC and NSC share some staff members.

Another and potentially more troublesome part of NEC relationships is the ability of senior officials to end-run the NEC and go directly to the President with economic agenda issues, if only because the President has not discouraged it. This makes the coordination function extremely difficult and undercuts effective policy development. Although process improvements will help alleviate this problem as noted in the next paragraph, the President and senior White House staff members can contribute to the solution also.

In addition to the President's willingness to accept uncoordinated issues at the expense of the Assistant to the President for Economic Policy, the NEC has contributed to the ability of senior officials to work around it by its lack of a formal, disciplined process. The NEC staff uses a process that approximates the interagency system of the NSC. While the NSC system is not flawless, it appears to be implemented with more discipline and rigor than its NEC counterpart, and members appear to have confidence in it. Lack of discipline may also have frustrated some players—especially when meetings were routinely held on short notice without adequate preparation time, deviated from published agendas, and/or produced no discernible results.

The NEC has only about 15 percent of the staff assigned to the NSC. Although there are advantages to small staffs and flat organizations, there are also drawbacks. The staff almost always operates in a crisis mode, moving rapidly and almost without pause from one issue to the next. It cannot undertake longer range planning which might help shape the international economic environment. Next, staff size does not facilitate organization into sections that can concentrate on specific areas or regions. This sort of organization, while requiring more echelons of management, could facilitate development of informal networks with like elements in other Executive Department Agencies and on Capitol Hill and improve the NEC's coordinating capabilities. Third, a small staff and a large workload contribute to staff fatigue, which may be a significant contributing factor to high turnover rates.

## ORGANIZATIONAL DESCRIPTION

### The National Economic Council (NEC)

#### 1. Legal Specifications, Authorizations, and Responsibilities.

**A. Authorizing Statute:** There is no public law or Congressional mandate that applies to the National Economic Council (NEC). The Council was established by Executive Order 12835 dated January 25, 1993.<sup>1</sup> (Establishment of the NEC fulfills a campaign promise made by President Clinton;<sup>2</sup> however, coordination of economic policy across the Executive Branch has been a concern of most Administrations since the 1950s.<sup>3</sup>)

Council membership includes:

- (1) The President (who serves as the Council Chairman);\*
- (2) The Vice President;\*
- (3) The Secretary of State;\*
- (4) The Secretary of the Treasury;
- (5) The Secretary of Agriculture;
- (6) The Secretary of Commerce;
- (7) The Secretary of Labor;
- (8) The Secretary of Housing and Urban Development;
- (9) The Secretary of Transportation;
- (10) The Secretary of Energy;
- (11) The Administrator of the Environmental Protection Agency;
- (12) The Chair of the Council of Economic Advisors;

---

<sup>1</sup> The White House. Executive Order 12835, Establishment of the National Economic Council, January 25, 1993. (Hereafter, E.O. 12835.) Unlike the NSC structure, which is established in law and in Presidential Decision Directive, E.O. 12835 is currently the only authorizing document for the NEC. Apparently, the Clinton Administration has never sought Congressional authority for the NEC. An NEC staff member noted that Congress considered establishing an NEC-like structure during the early 1980s; however, no legislation was enacted.

<sup>2</sup> In his NEC study, The National Economic Council: A Work in Progress, I.M. Destler states that the promise was made in a speech to the World Affairs Council in August 1992. (I.M. Destler. The National Economic Council: A Work in Progress, Washington, D.C.: Institute for International Economics, 1996. Hereafter Destler.)

<sup>3</sup> Recent examples include the Carter Administration's Economic Policy Group and the Reagan Administration's Economic Policy Council.

- (13) The Director of the Office of Management and Budget;
- (14) The United States Trade Representative;
- (15) The Assistant to the President for Economic Policy;\*
- (16) The Assistant to the President for Domestic Policy;
- (17) The Assistant to the President for National Security Affairs;\*
- (18) The Assistant to the President for Science and Technology; and
- (19) Other officials as designated by the President.

(Note: The \* indicates those officials who are also members of (or affiliated with) the national Security Council. See Presidential Decision Directive (PDD) 2 and the chapter of this volume entitled the National Security Council.)

**B. Other Directives:** None.

## **2. Missions/Functions/Purposes.**

**A. Major Responsibilities:** The NEC is charged with:

- (1) Coordinating domestic and international economic policy making [Key Process Relationship: Policy, Guidance, and Regulation];
- (2) Coordinating the preparation of economic advice presented to the President [Key Process Relationship: Policy, Guidance, and Regulation; Observation, Orientation, and Oversight];
- (3) Ensuring that economic policy decisions and associated programs support the President's goals and ensuring that his goals are pursued effectively [Key Process Relationship: Policy, Guidance, and Regulation]; and
- (4) Monitoring "implementation of the President's economic policy agenda [Key Process Relationship: Policy, Guidance, and Regulation]."<sup>4</sup>

**B. Subordinate Activities and Agencies:** None.

**C. Major Products:**

- (1) Coordinates economic policy agendas for state visits and negotiations with states and international organizations;
- (2) Develops, coordinates, and/or assesses economic policy issues;

---

<sup>4</sup> E.O. 12835, p. 2 and [www.whitehouse.gov/wh/eop/nec/html](http://www.whitehouse.gov/wh/eop/nec/html).

(3) Provides input to the National Security Council (NSC) and the Department of State on the economic implications of foreign policy;

(4) Provides coordinated advice and decision support to the President and other Administration officials on domestic and international economic matters;

(5) Coordinates the application and removal of economic sanctions in the interagency process;

(6) Provides input for budget preparation, primarily by linking policy and political considerations to budget issues.

The NEC uses a modified and less formal version of the NSC's interagency process to fulfill its requirements as discussed in paragraph 5.A. below.

### 3. Vision and Core Competencies.

**A. Vision:** The NEC has no published vision statement; however, interviews suggest that it focuses on ensuring that economic implications are considered in foreign policy decisions and on providing the President with the highest quality information and advice on foreign and domestic economic issues. One commentator notes that the Assistant to the President for Economic Policy's "aim was to make the NEC the 'place to go' when the White House people needed economic information of any sort."<sup>5</sup> However, given the NEC's self-imposed policy of not treading on the turf of other economic activities (such as Treasury and the Council of Economic Advisors), this vision was probably beyond its reach.

Interviews indicated that the NEC envisions itself as the advocate of the economic dimensions of foreign policy within the Executive Office of the President. As one interlocutor put it, without the NEC, economic and trade aspects of foreign policy briefings and papers presented by the NSC might be lost or minimized.<sup>6</sup> In this respect some NEC staff members envision the NEC as filling a policymaking role that would be a void otherwise.<sup>7</sup>

**B. Core Competencies:** In addition to technical economic expertise, organizational core competencies include policy development; the ability to coordinate policy within the interagency process; and the ability to work collegially with other major players including the NSC, OMB, and the NSC.<sup>8</sup>

**4. Organizational Culture.** The NEC, organized in early 1993, is a relatively new organization. In the interim it has had three directors and is still in the process of developing an institutional

---

<sup>5</sup> Destler, p. 26.

<sup>6</sup> To paraphrase the interview, if the NSC had responsibility for both foreign affairs and international economic implications of foreign policy decisions, a 30-minute NSC briefing would consist of 29 minutes of foreign policy and one minute of economics.

<sup>7</sup> Staff Interviews, December 1999 and January 2000.

<sup>8</sup> Staff interviews, December 1999 and January 2000; Destler, Chapters 1 and 2. Destler makes the point that Robert Rubin, the first NEC director, insisted on hiring people who could work well with others, and that this characteristic was consistent with the operational methods the President preferred.

culture. Consequently, it's internal processes, values, leadership traditions, and organizational strategies are not as well developed as those of other organizations such as the NSC or the Office of Management and Budget (OMB).

Robert Rubin, the first Assistant to the President for Economic Policy and Director of the NEC staff, brought with him organizational and management techniques that had served him successfully on Wall Street. Essentially, Rubin sought a culture that would foster collegiality and a coordinating (rather than an implementing) role for the NEC with respect to international and domestic economic policy making. In developing this role, Rubin sought to avoid boundary confrontations with the Office of Management and Budget, Treasury, and the NSC. With respect to the latter, Rubin agreed to share several staff positions with the NSC.<sup>9</sup> Interviews confirmed that at least four NEC staff members are dual-hatted as NSC staff members, which enhances communications between the two Councils.<sup>10</sup>

From the outset, the organizational culture has sought to encourage consensus building. In its interagency processes (described in paragraph 5.A., below), the NEC attempts to act in ways that enable interagency players to arrive at consensus on policy recommendations. As one interlocutor noted, it is a rare exception when the NEC imposes a solution on other interagency players.<sup>11</sup> In some cases this may be the result of NEC preferences; however, in other cases it is not clear that the NEC could impose a solution even if it desired to do so.

The following discussion builds on these beginnings and reflects the current organizational culture. However, it is important to keep in mind that the organization and its culture will undoubtedly change since the entire staff is likely to change following the 2000 general election.<sup>12</sup> In fact, a new Administration may roll the NEC into the NSC or, in the absence of legislation to the contrary, abolish it altogether.

**A. Values:** Staff interviews indicate that the organization places a significant premium on its ability to bring an economic perspective to foreign policy deliberations; to coordinate interagency policy discussions of international and domestic economic policy issues; and to serve as the "honest broker" for the Administration's economic community. In abiding by these values, the NEC attempts to work in a non-confrontational manner and ensure that all perspectives are given a hearing during economic policy making. As noted above, staff interviews indicate that collegiality is a key value, especially in NEC relations with the NSC.<sup>13</sup>

To this end, the organization has, from the outset, placed a premium on informal processes and approaches, which provide the ability to react quickly to crises, but which may prevent longer term planning, hinder exploitation of deliberate staff work done by the Council's member organizations, and result in confusion with in the interagency community.

---

<sup>9</sup> Destler, Chapter 1.

<sup>10</sup> Staff interviews, December 1999 and January 2000.

<sup>11</sup> Staff interviews, December 1999 and January 2000.

<sup>12</sup> Because the NEC is new, there is very little literature covering its role and processes (unlike the NSC and OMB, which have been written about extensively).

<sup>13</sup> Staff interviews, December 1999 and January 2000.

The NEC also places significant value on its lack of hierarchical structure. Because it is relatively small, the NEC perceives no requirement for an elaborate structure to manage processes or guide work through a labyrinth of offices. Staff interviews indicate that there are open, simple channels of communication that allow staff members to share ideas and concerns.<sup>14</sup> As one observer noted, from the outset, the NEC “favored oral over written communications and was wary of heavy procedures.”<sup>15</sup> The ability to rapidly communicate within the organization and the access staff members enjoy to the director is similar to the culture of the Department of Defense’s Program Evaluation and Analysis directorate (see the volume entitled *Department of Defense*).

Another key value is that of providing service to clients—a reflection of the values brought to the NEC by its creators who had significant experience on Wall Street. These services include providing information to stakeholders; ensuring that stakeholder positions receive fair hearings and treatments; relatively rapid action on significant issues; and guidance and/or decisions from the top echelon of the White House when required.<sup>16</sup> While service is a value for the NEC, it is not clear how effectively its clients believe it renders service to them. There are some indications that the informality that sometimes characterizes NEC policy coordination results in short-notice meetings and may inadvertently omit some players from policymaking deliberations.

Finally, the NEC staff values the organization’s agility. It has the ability to rapidly move from one issue to the next and to focus its policy coordination talents on the most appropriate issue. The ability to do this is partly a function of its relatively flat organization and partly because it has ready access to all Executive Branch offices as well as to the President.<sup>17</sup>

**B. Leadership Traditions:** The NEC’s Directors, titled as Assistants to the President for Economic Policy, are appointed by the President and do not require confirmation by the Senate.<sup>18</sup> All three incumbents are experienced economists and financial experts.<sup>19</sup> The NEC has two Deputy Directors whose responsibilities are divided between domestic and international economic policy. The NEC’s culture and values were developed and inculcated by the first three directors, and their actions and management styles have generally supported the organization’s culture and values.

**C. Staff Attributes:** Interviews indicated that the staff—which numbers about 30 senior and junior personnel—is eclectic. It includes attorneys, economists, and international economists. (A senior NEC staff member pointed out that while most international economists have some formal training and experience in foreign affairs, most foreign policy experts have little economic training or experience.) A few staff members are seconded from Executive

---

14 Staff interviews, December 1999 and January 2000.

15 Destler, p. 25.

16 Destler, pp. 25-26.

17 Staff interviews, December 1999 and January 2000.

18 This title is similar to the National Security Advisor whose formal title is Assistant to the President for National Security Affairs and the two are theoretically co-equal in the Executive Office of the President hierarchy.

19 The directors include Robert Rubin (Subsequently the Secretary of the Treasury); Dr. Laura Tyson (who came to the position from the Council of Economic Advisors); and the incumbent, Dr. Gene Sperling (whose ties with the President extend back to Arkansas and who was a Deputy Director of the NEC under Rubin and Tyson). Biographies are at [www.whitehouse.gov/wh/eop/nec/html](http://www.whitehouse.gov/wh/eop/nec/html).

Branch Departments and Agencies; however, most are political appointees. Working at the NEC has been described as a fast-paced job with a high burn out rate. One interlocutor indicated that most staff members remain for less than two years. (One reason for the high turnover rate is the size of workload and the small number of staff to share it.)<sup>20</sup>

When Robert Rubin initially established the NEC staff, he sought staff members who had applicable academic training and formal experience. However, given the precarious bureaucratic position of the NEC, he also sought staff members who were known to work well with others.<sup>21</sup> This approach to hiring apparently continues today.

There is currently no NEC staff continuity when Administrations change. Unlike the NSC, which has a significant number of career civil servants, military officers, and Foreign Service Officers as part of the staff, the NEC staff is vulnerable to replacement when the next Administration takes office.<sup>22</sup> While some of the government employees who serve on the NSC staff will return to their organizations after the election, others will stay to provide continuity for the incoming staff. By contrast, in the NEC all current staff is likely to be gone by Inauguration Day 2001. Thus, if the next President decides to retain the NEC as a separate organization, the organization will have to reconstruct itself almost from scratch. Because it depends heavily on “oral traditions” and informal approaches as noted above, reconstruction may be made more difficult by a lack of continuity files.

**D. Strategy:** No formal internal NEC strategy document was available for examination during this project. No staff member interviewed was aware of the existence of such a document, and, given the non-hierarchical nature of the organization, the lack of a formal document is not surprising. As long as the organization remains small and flat, the lack of a written strategy does not appear to be an impediment.

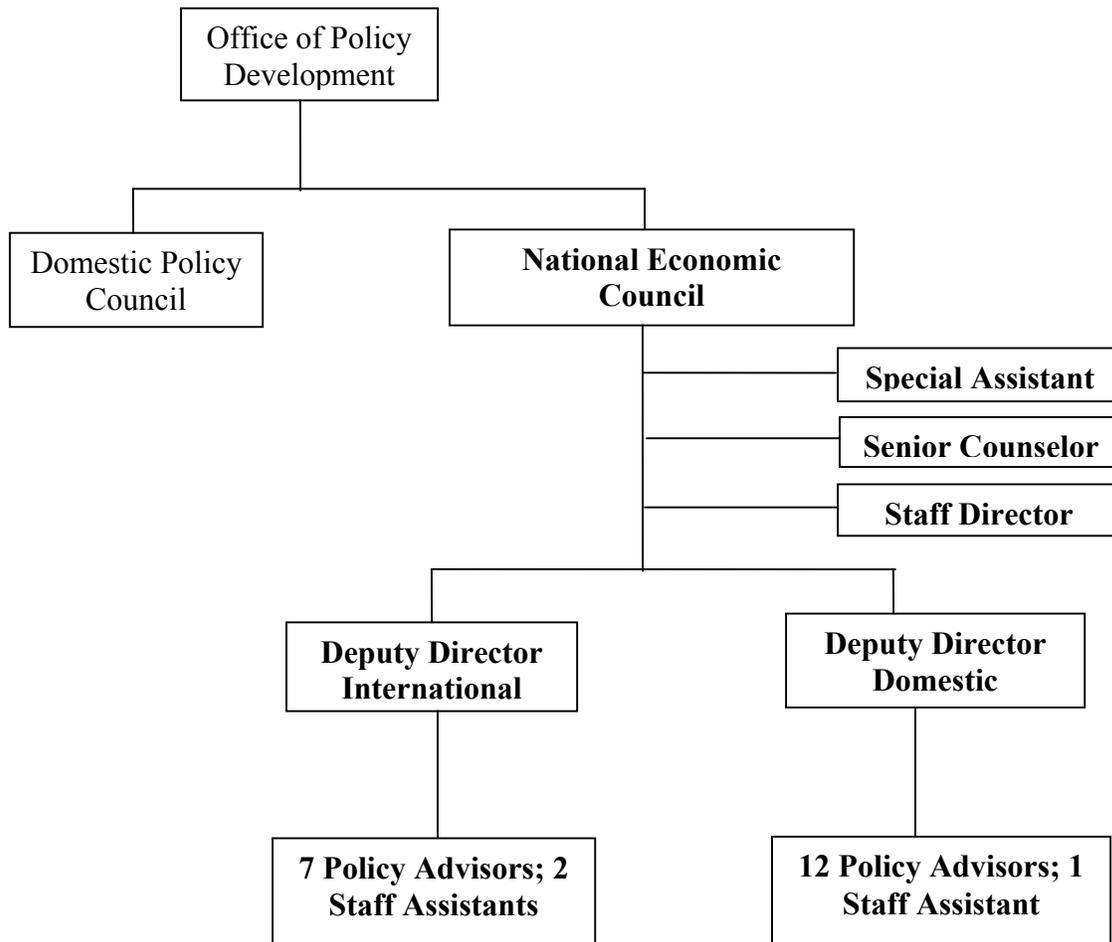
---

<sup>20</sup> Staff interviews, December 1999 and January 2000.

<sup>21</sup> Destler, p. 10.

<sup>22</sup> Government employees at the NSC are liable to replacement since they are there at the pleasure of the President; however, the historical trend has been for many of them to remain until the new Administration is satisfied with the transition and begins to replace them. The replacement process is somewhat gradual in the NSC. But as matters now stand, the politically appointed NEC staff is likely to leave en masse.

**E. Organization Chart:<sup>23</sup>**



(1) The NEC is part of the Office of Policy Development in the Executive Office of the President. The Council has 18 members appointed by E.O. 12835, with provisions for additional members at the President’s discretion. (See paragraph 1.A. for a listing of NEC members.)

(2) The Assistant to the President for Economic Policy directs the small NEC staff.<sup>24</sup> Although personal relationships play a determining role in the amount of influence the Special Assistant has, technically, at least, he/she has a ranking equal to that of the Special Assistant for National Security Affairs and is an official member of the NSC system.<sup>25</sup> The

<sup>23</sup> Provided by the NEC staff, January 2000.

<sup>24</sup> The NEC has approximately 20 positions drawn from the Office of Policy Development personnel account augmented by eight to ten personnel drawn from other Executive Branch activities and fellowships. See paragraph 7 below and Destler, p. 24.

<sup>25</sup> PDD 2 appoints the Assistant to the President for Economic Policy a member of the NSC and makes him/her a member of the National Security Council Principals Committee. PDD 2 also confers membership in the National Security Council Deputies Committee on an NEC Deputy Director. NEC staff members indicated during interviews that the NEC participation in the NSC system has generally been adequate and that NSC and NEC staff occasionally co-chair working group and Deputies Committee meetings.

Assistant to the President for Economic Policy also has a Senior Counselor and a Staff Director (Chief of Staff) to assist him.

(3) The staff is organized into International and Domestic Economics divisions. Each division has a Deputy Director and several policy advisors and staff assistants. Deputy Directors and policy advisors prepare policy papers and chair interagency groups as noted in paragraph 5.

(4) Administrative staff is small, and according to staff, the NEC often depends on the NSC for administrative help.

(5) The NEC staff is located in the Old Executive Office Building, although the Director’s office is in the White House proper.

### 5. Formal National Security Process Involvement.

		Strategy Development	Policy, Guidance, and Regulations	Planning	Mission Execution	Observation, Orientation, and Oversight	Preparation	Resourcing	
Products	Economic Policy		✓	✓					
	Agendas and Issues		✓				✓	✓	
	Input on Foreign Policy Issues		✓						
	Advice and Decision Support		✓					✓	
	Economic Sanctions Policy		✓						
Roles	Director, NEC	Advice	✓	✓	✓	✓		✓	✓

**A. General:** Economic policy is interrelated with both foreign and domestic policy, and the NEC was created to coordinate and exploit this relationship. The NEC acts as a kind of “Ministry of Trade and Economics” for the Executive Branch—but without policy implementation and execution responsibilities. The organization focuses on policy development and coordination, strategic perspectives, and issue development, leaving implementation and oversight to Executive Branch Departments and Agencies. Interviews indicate that the NEC staff’s specific role is to take the lead in coordinating policy development, but to allow Council member organizations to take the lead for implementation. Like the NSC, the NEC is primarily concerned with current crises, although the staff does some limited long range planning for matters of significant importance to the President.

Economic and foreign policy stakeholders are scattered across a number of Departments and Agencies, and the NEC's task is to pull their views together. In coordinating policy development, the Council staff attempts to sort out Department and Agency positions, cut through parochialism, and move beyond the "honest broker" role to bring true strategic value to policy discussions. At its best, the NEC resolves differences between interagency players or manages these disagreements to extract benefits from them such as additional options or competing assessments. In addition to responding to crises (e.g., the recent Asian and Mexican economic crises), the NEC also tries to anticipate longer range White House needs (including those associated with trade negotiations and legislation), but its capabilities in this area are limited. (On interviewee reported that long range generally meant about a year in the NEC environment.)

In doing its work, the relatively small size of the NEC staff means that it is unable to conduct lengthy research studies or analysis itself. Instead, it is dependent upon CEA staff members for research and analysis or on off-the-shelf studies for information. Formal studies are supplemented by informal contacts between NEC staff members and subject matter experts within the government and in private life.<sup>26</sup>

Because the NEC is a new organization, its processes and procedures are not as formalized or as well developed as those used by the NSC.<sup>27</sup> And, as noted, the NEC leadership has tried to avoid formality. In some ways, this allows them more freedom and increases their agility.<sup>28</sup> In others, it complicates policy development and coordination because problem-solving processes are re-invented for each issue and participants are not constant. Thus, while a formal process based on the NSC interagency system exists, it is followed less rigorously.

The formal NEC interagency process is modeled on the NSC system and involves a Principals Committee (PC), a Deputies Committee (DC), and Interagency Working Groups (IWG). The Director chairs the PC; a Deputy Director chairs the DC; and senior NEC staff members or Deputy Assistant or Assistant Secretaries from the Departments chair the Working Groups. Although member organizations are specified in E.O. 12835, membership on the committees and working groups is not fixed by Presidential Decision Directive (PDD) as it is in the NSC system.<sup>29</sup> While most issues will involve senior officials from the Departments Treasury and Commerce, selection of other members from among the 18 organizations that belong to the Council depends on the issues at hand.

For example, international issues are likely to include representatives from the NSC, the Department of State, and often the office of the US Trade Representative (USTR).<sup>30</sup> Some of

---

<sup>26</sup> Staff Interviews, December 1999 and January 2000.

<sup>27</sup> Staff interviews, December 1999 and January 2000.

<sup>28</sup> One interlocutor opined that the formal processes used by the NSC restricted that organization's freedom of action and were probably more valuable for obtaining resources than for problem solving. This staff member believed that the lack of structure improved agility and that the NEC was much more agile than the NSC. Although subjective, this assessment indicates a predisposition to avoid structured processes and protocols.

<sup>29</sup> PDD 2 provides instructions for the NSC system. See the section entitled the National Security Council in this volume for a more detailed description.

<sup>30</sup> Information from interviews indicates that the relationship between the USTR and the NEC is very close and mutually dependent. However, Destler notes a certain amount of tension in the relationship and provides information to the effect that the USTR conducted end runs around the NEC on several important issues. (See Destler, Chapter 4.)

these personnel are also involved in the NSC system, so there is at least an informal connection between NEC and NSC committees and working groups.

The effectiveness of the formal groups and processes is difficult to judge. Like the NSC system, most work is done by the DC, which also makes many of the decisions. One observer notes that the NEC leadership believed at the outset that this was most important for policy development because working groups tended to be too parochial and PC members did not have the time to get into sufficient detail.<sup>31</sup>

DC meetings were held frequently at the beginning of this Administration, fell off in frequency in the middle, and increased in frequency in recent years. However, notice of pending meetings was not always timely and agendas were sometimes erroneous or nonexistent.<sup>32</sup> (The same criticism has been made with respect to NSC working groups and DC meetings.) Similar observations can be made with respect to the PC, although the agendas for the PC tended to be more rigorous and disciplined.

For international issues, some NEC interagency groups are often co-chaired with the NSC by mutual agreement. This is true especially for foreign policy issues that have significant economic implications. On other occasions, the NEC will become the lead organization, while the NSC supports it. The opposite also may be the case, depending on the importance of the economic issues compared to more traditional national security concerns. For example, the NEC plays a significant role in trade talks; however, its role in crises, such as the recent problems in East Timor, is minimal simply because economic aspects of these crises often have a low priority.

The NEC also uses many of the NSC's procedures for vetting documents and moving issues through the coordination process. Their reliance on these procedures is an expedient that compensates for the NEC's lack of staff. On occasion, the NSC and NEC present joint memoranda to the President (i.e., memoranda signed by both the National Security Advisor and the Assistant to the President for Economic Policy).

The relationship between the NEC and the President's Council of Economic Advisors (CEA) is critical, but judged by NEC staff to be productive.<sup>33</sup> Because the NEC staff is small, it often depends on the CEA for analyses and assessments. CEA also provides a certain "depth of understanding" of how the government works for NEC staff members who often lack significant government experience. In a way, this attribute is similar to the value career government staff members provide for the NSC.

**B. Strategy Development:** The Director of the NSC in his role as Assistant to the President for Economic Policy provides advice to the President and other senior Administration officials engaged in strategy development. However, the NEC plays no direct role in the development of national security strategies.

---

<sup>31</sup> Destler, p. 27.

<sup>32</sup> See Destler, Chapters 2 and 3.

<sup>33</sup> Staff interviews, December 1999 and January 2000.

**C. Policy, Guidance, and Oversight:** The NEC focuses on the coordination of economic policy making efforts; inclusion of the correct economic policy matters on high level meeting agendas; effects of economic policy on foreign policy making and the effects of foreign policy on economic policy and objectives; and, policy coordination for economic sanctions. The Assistant to the President for Economic Policy provides policy advice to the President on high priority matters and on the President's budget. The NEC staff uses the interagency process described in paragraphs 5.A. and 6 to coordinate policy and prepare policy documents for the DC, the PC, and the President.

**D. Planning:** On high priority issues of interest to the President, the NEC performs planning functions similar to those exercised by the Department of State's Policy Planning Directorate (see the section on the Policy Planning Directorate in the volume entitled Department of State). This planning is narrowly focused and relatively short term (i.e., a year or so into the future). The NEC staff is not large enough (and the requirements of day-to-day economic policy coordination are significant enough) to engage in comprehensive long range planning of the sort done routinely by the Department of Defense.

**E. Mission Execution:** The Director of the NSC in his role as Assistant to the President for Economic Policy provides advice to the President and other senior Administration officials with respect to economic implications of mission execution strategies and approaches. However, the NEC plays no direct role in national security mission execution.

**F. Observation, Orientation, and Oversight:** By design, the NEC depends on other Executive Branch Departments and Agencies to implement and monitor economic policies.

**G. Preparation:** The NEC's role in preparation focuses on issues and agenda items for Presidential meetings and summits. In fulfilling this role, the NEC works in close collaboration with the NSC to prepare the President for high level meetings with foreign heads of state, including providing briefings, point papers, and talking points as well as contributing to developing the overall meeting strategy.<sup>34</sup> For example, the NEC plays a pivotal role in preparing the President and other senior Administration officials for discussions on China's entry into the World Trade Organization. The NEC also coordinated interagency discussions that developed the agenda for the Seattle Round of the World Trade Organization ministerial talks, although USTR had overall responsibility for the talks. NEC also was instrumental in preparations leading to the Cologne Debt Initiative.<sup>35</sup>

**H. Resourcing:** The NEC is involved in preparation of the President's Budget, especially in the development of priorities and participating in resource allocation decisions. The NEC also may develop specific budget initiatives, or it may coordinate initiatives developed by others within the interagency community. As described by one staff member, the NEC plays a coordinating role between policy, budget initiatives, and politics.<sup>36</sup> During the budget debates

---

<sup>34</sup> Although staff interviews indicate that cooperation with the NSC is good, Destler cites several instances of tension, especially with NSC's regional desks and responsibility for Presidential visits and policy statements.

<sup>35</sup> Interviews with NEC staff, December 1999 and January 2000.

<sup>36</sup> Interviews with NEC staff, December 1999 and January 2000.

early in the Administration, the NEC played a key coordinating role in which Robert Rubin orchestrated numerous policy sessions that ultimately produced the first budget plan.<sup>37</sup>

## 6. Informal National Security Process Involvement.

A. There are three primary types of informal processes employed by the NEC:

**(1) Semi-Formal Ad Hoc Groups;**

**(2) Informal Gatherings; and**

**(3) Staff-to-Staff Networks.**

**B. Semi-Formal Ad Hoc Groups:** The NEC has organized semi-formal groups to deal with specific issues from time-to-time. Membership is often at the Deputies level and the arrangement resembles a mini-DC. One example of this informal process was the Uruguay Round “Rump Group” which consisted of representatives from NEC, USTR, State, Treasury, the Council of Economic Advisors, OMB, and Commerce. Usually, no more than eight members attended meetings chaired by the NEC with USTR playing a lead role. The group was established to deal with key trade issues without compromising security while incorporating interagency positions.<sup>38</sup>

**C. Informal Gatherings:** These are similar to the Foreign Policy Lunches described in the volumes for the Departments of State and Defense. Although somewhat less regular, these gatherings over lunch or dinner serve to bring key members of the NEC’s interagency together to discuss a wide range of issues outside the normal interagency processes.<sup>39</sup>

**D. Staff-to-Staff Networks:** As is true of all effective staffs, NEC staff members have individual networks that provide information from governmental and non-governmental sources. These networks usually build on contacts made prior to joining the NEC staff.

## 7. Funding and Personnel.

**A. Authorization and Appropriation:** The House Appropriations Subcommittee on Treasury, Postal Service, and General Government and the Senate Appropriations Subcommittee on Treasury, General Government, and Civil Service have appropriations jurisdiction over the Executive Office of the President, including the NEC. Authorization Committees with interest in NEC matters include the House Government Reform and the Senate Government Affairs Committees.

**B. Funding Sources:** The Office of Policy Development, Executive Office of the President budget funds the NEC. The Office of Policy Development’s budget for 1999 was \$4.032 million for salaries and expenses.<sup>40</sup>

---

<sup>37</sup> Destler, 15.

<sup>38</sup> Destler, pp. 20-21.

<sup>39</sup> See Destler for examples.

<sup>40</sup> Budget of the United States Government, Fiscal Year 2000, pp. 944-945, at <http://frwebgate1.access.gpo.gov>

**C. Budget:** No separate figures for the NEC budget are available.

**D. Manpower:** The NEC staff strength is usually between 25 and 30 (compared to the NSC, which has a staff of more than 200) and is characterized by relatively high turn over.<sup>41</sup> The NEC is authorized approximately 20 positions drawn from the Office of Policy Development personnel account. Other staff positions are filled by personnel “seconded” from Executive Branch Departments and Agencies; by fellowships; and by shared staffing arrangements with the NSC for international economists.

## 8. Observations.

**A. NEC Relations with Other Key Offices:** The NEC was established with the idea that it would operate collegially with other key economic policy players. To that end, the organization focused on policy coordination, rather than policy implementation oversight, and it sought processes that were non threatening. It also sought to portray itself as an honest broker willing to give fair consideration to all points of view as part of the policy development and coordination process and to accurately transmit guidance and decisions from senior Administration officials to economic policy network members.

The NEC’s attempts to establish and maintain effective interagency relationships appear to have been partially successful. Its relationships with Treasury, OMB, and CEA appear to be smooth and productive for the most part.<sup>42</sup> Although the USTR has sometimes sought to go around the NEC and deal directly with the President, NEC staff noted during interviews that relations had improved in the last several years and there were few existing tensions. Relations with the NSC also have improved during the second Clinton Administration, and NEC staff reported that the relationship is collegial and productive. However, NEC staff also indicated that there were times when the NSC staff appeared not to take into account economic factors when considering major foreign policy issues. There seemed to be a sense of frustration that the NSC gave international economic policy issues short shrift. One interviewee implied that the NSC sometimes considered economic implications as only an after thought.

The extent to which unhelpful friction exists between the two staffs is difficult to determine. Certainly the mechanisms to improve coordination between them exist. PDD 2 and E.O. 12835 both provide for inter-council coordination and the NEC and NSC share some staff members. One observer noted that this joint staffing arrangement had done much to improve relations and provides those with joint positions two channels of access to the President, although the unique nature of this relationship requires careful oversight.<sup>43</sup>

Part of what may appear as friction between the NSC and NEC may, in fact, be the result of the differences in the size of the staffs. It may also result from the fact that the NSC is a stand-alone organization within the Executive Office of the President, while the NEC is part of

---

<sup>41</sup> Staff interviews indicate the high turn over is partly the result of the fast pace of the job, the size of the workload, and the small size of the staff (which requires staff members to carry more of the workload).

<sup>42</sup> No information was available with respect to NEC staff relations with other Council members. Interviews revealed that there is no relationship at all between the NEC and the Federal Reserve Board.

<sup>43</sup> Destler, p. 67.

the Office of Policy Development, which includes the Domestic Policy Council. Finally, indications of friction come from the staff level and may not reflect the perceptions of the senior leadership. This may be akin to the description in the volume covering the Department of Defense in which lower level officials believed the interagency process was dysfunctional while more senior players believe that it works well.

Another and potentially more troublesome part of the relationship is the ability of senior officials to end-run the NEC and go directly to the President with economic agenda issues. Although this occurs to an extent with the NSC, the NEC seems to be more victimized by it, if only because the President has not discouraged it. The effect is to put the NEC staff and the Adviser to the President for Economic Policy behind the power curve. It makes the coordination function extremely difficult and undercuts effective policy development. Although process improvements will help alleviate this problem as noted in the next paragraph, the President and senior White House staff members can contribute to the solution also. One helpful step involves ensuring that the Assistant to the President for Economic Policy and the NEC staff are perceived as key players with inside tracks to the President similar to that stature accorded the NSC.<sup>44</sup>

**B. The Process Problem:** In addition to the President's willingness to accept uncoordinated issues at the expense of the Advisor for Economic Policy, the NEC has contributed to the ability of senior officials to work around it by its lack of a formal, disciplined process. The NEC staff uses a process that approximates the interagency system of the NSC in that it has a Principals Committee, and Deputies Committee, and interagency working groups for both domestic and international economic policy coordination. While the NSC system is not flawless, it appears to be implemented with more discipline and rigor than its NEC counterpart, and members appear to have some confidence in it.

Part of the reason for the lack of a more disciplined NEC process lies in the early methods of operation adopted by Robert Rubin. A certain amount of informality appears to have been necessary for Rubin to carve out a niche for the NEC and may have made the NEC more agile and perhaps more acceptable to more traditional economic policy makers. However, lack of discipline also may have frustrated some players—especially when meetings were routinely held on short notice without adequate preparation time, deviated from published agendas, and/or produced no discernible results. Other comments on the formal NEC system include complaints that some players have been excluded from committees and working groups.<sup>45</sup> Whether intentional or not, exclusion does not seem to be consistent with the visions and values of the organization which seeks to be the honest broker for all and is unlikely to contribute to player loyalty.

As is true for the NSC system, when players perceive that their agendas may not be satisfied through formal processes, and when there are no penalties for stepping outside the formal structure, they are likely to explore other avenues. In cases where participants also believe that end runs will be successful, the effectiveness of the NEC as an economic policy coordination mechanism will suffer.

---

<sup>44</sup> Suggestions that the NEC should be incorporated as an arm of the NSC have been raised occasionally. Combining the Councils might provide some advantages if the economic staff had equal footing with the foreign affairs and national security experts who constitute the NSC staff as it has been traditionally organized. NEC staff members noted during interviews that they believed combining the two staffs would result in placing economic issues on back burners.

<sup>45</sup> See Destler for examples.

Another implication of the lack of formality is that it may actually undermine the level of agility the NEC strives to attain. The lack of disciplined problem solving apparatus can mean that addressing each issue or problem must begin with inventing a process to do it and deciding which Council member organizations should be involved. Getting the right players into the right process can require time, and that may reduce agility in time-sensitive cases.

**C. NEC Staff Size:** As noted, the NEC has only about 15 percent of the staff assigned to the NSC. (The NSC staff numbers slightly over 200 as compared to about 30 on the NEC staff, or nearly seven times as large.) Given the complexities of the U.S. domestic and international economies, the NEC appears to be seriously under staffed.

Although there are advantages to very small staffs and flat organizations, there are also drawbacks. The small number of staffers available for a large and complex workload has a number of implications. First, the staff almost always operates in a crisis mode, moving rapidly and almost without pause from one issue to the next. Consequently, it is difficult for the NEC staff to undertake longer range planning that might help shape the international economic environment. It also makes the NEC staff dependent on external research and analysis, although this is also the case with the NSC and OMB. Second, its size does not facilitate organization into sections that can concentrate on specific areas or regions. This sort of organization, while requiring more echelons of management, could enhance development of informal networks with like elements in other Executive Department Agencies and on the Hill and improve the NEC's coordinating capabilities. Third, a small staff and a large workload contribute to staff fatigue, which may be a significant contributing factor to high turn over rates.

The core of the argument over staff size seems to turn on the advantages that small staffs have in terms of agility, compared to the more bureaucratic but perhaps more versatile capacities of larger staffs. Yet staff design should conform to the role envisioned for the organization. Clearly the NEC staff is too small to adequately oversee policy implementation. It usually is unsuccessful when it attempts to do so.<sup>46</sup> If its role is only coordination, then a small staff can suffice (although less than 30 is probably too small), if it has disciplined systems that can be used to leverage its size and expertise and provide access to reliable, reasonably objective information. Key to any proposed NEC reform is a clear definition of its roles, boundaries, and the Administration's expectations.

**D. Long Range Planning:** The NEC has a limited ability to conduct long range planning, and the definition of "long range" is limited to about a year. Depending on whether one believes that policy planning is an essential part of policy development and whether or not non-economic planning concepts have value to economic questions, the inability to do long range planning may be a shortcoming. The inability to visualize and shape the future seems important to coordinating the efforts of myriad economic policy players and to developing and assessing the right issues. Conversely, one can make a case that long range economic plans are often

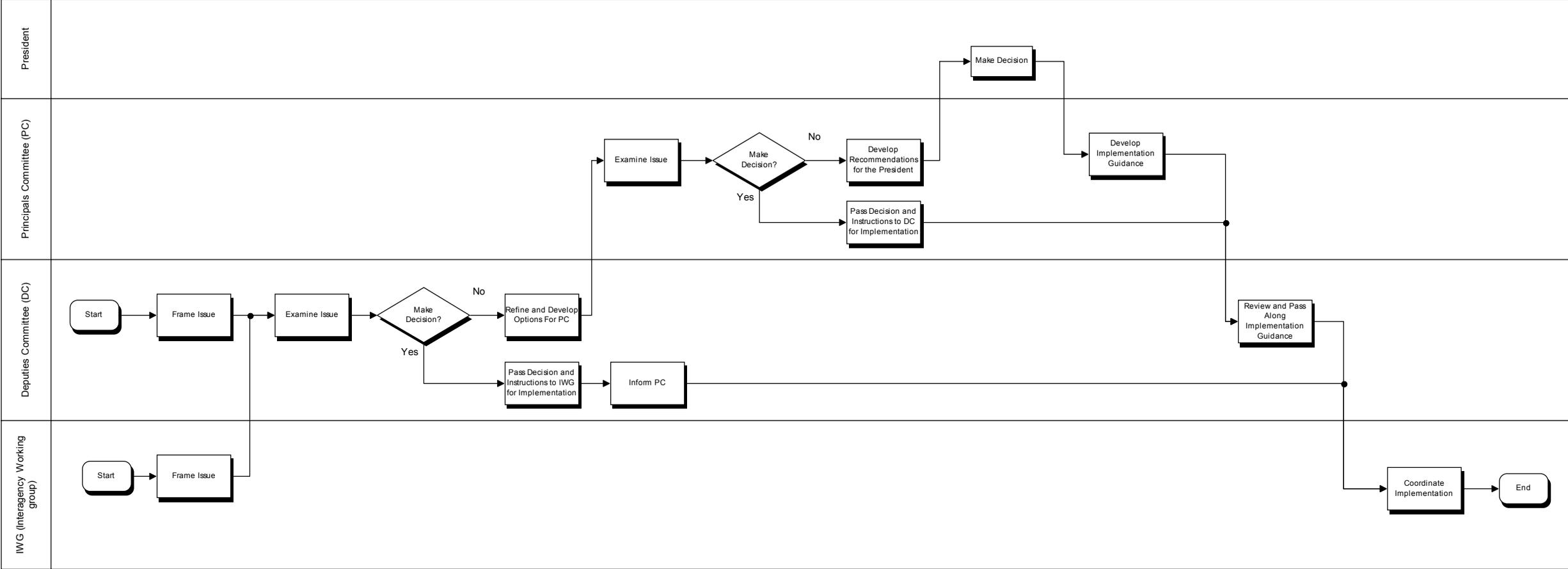
---

<sup>46</sup> See Destler.

overcome by events. The point here is that the NEC can do only limited long range planning at present and most long range planning, if it occurs at all, is done by other organizations.

**APPENDIX**

NEC – Key Process (Formal) – General



**ORGANIZATIONAL DESCRIPTION**  
**THE NATIONAL SECURITY COUNCIL**  
**(NSC)**



*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## EXECUTIVE SUMMARY

### The National Security Council (NSC)

#### Overview

The National Security Council (NSC) sits at the pinnacle of the U.S. national security structure. Established by the National Security Act of 1947, the NSC is responsible for advising the President with respect to the integration of domestic, foreign, and military policies relating to the national security. The NSC is the President's principal forum for considering national security and foreign policy matters with his senior national security advisors and cabinet officials. The Council also serves as the President's principal arm for coordinating these policies among various government Agencies.<sup>1</sup> The National Security Council is not a decision-making body. Although its members hold official positions in the government, when meeting as the NSC they sit as advisors to the President.

#### Organization

The authorizing statute directs that the President chair the National Security Council. Its statutory members, in addition to the President, are the Vice President and the Secretaries of State and Defense. Statutory advisors include the Chairman of the Joint Chiefs of Staff (CJCS) and the Director of Central Intelligence (DCI).

In discussing the NSC, it is important to remember the distinctions between the National Security Council, the NSC committee structure, and the NSC staff.<sup>2</sup> Each Administration has organized its NSC structure to address national security issues slightly differently, based on its objectives and management style. Presidential Decision Directive 2 (PDD 2) lays out the Clinton Administration's organization for national security. In addition to its statutory members, PDD 2 adds the following members to the NSC: Secretary of the Treasury, the U.S. Representative to the United Nations, the Assistant to the President for National Security Affairs,<sup>3</sup> the Assistant to the President for Economic Policy, and the Chief of Staff to the President. Although not a member, the Attorney General is invited to attend meetings pertaining to the Department of Justice's jurisdiction.

The Clinton Administration has established an NSC committee structure similar to the Bush Administration. It is designed to facilitate resolution of policy issues at levels lower than the NSC; i.e., to resolve issues without having to bring them to the President for a decision. The committee structure also facilitates interagency coordination in the policy-making process.<sup>4</sup>

The NSC Principals Committee (NSC/PC) is the senior interagency forum for considering policy issues affecting national security. The NSC/PC reviews, coordinates, and monitors the development and implementation of national security policy. The NSC/PC is a forum for

---

<sup>1</sup> <http://www.whitehouse.gov/WH/EOP/NSC/html/nschome.html#staff>.

<sup>2</sup> Miskel, James F. "The Clinton NSC." United States Naval War College.

<sup>3</sup> The Assistant to the President for National Security Affairs is commonly known as the National Security Advisor and will be referred to as such throughout this paper.

<sup>4</sup> Miskel.

Cabinet-level representatives to meet and discuss issues not requiring the President’s participation. The National Security Advisor chairs the NSC/PC.<sup>5</sup>

The NSC Deputies Committee (NSC/DC) serves as the senior sub-Cabinet interagency forum for considering policy. The NSC/DC reviews and monitors the work of the NSC interagency process, including the Interagency Working Groups (IWGs). The NSC/DC focuses a major portion of its effort on policy implementation. The NSC/DC is also responsible for day-to-day crisis management. PDD 56 calls upon the NSC/DC to establish appropriate interagency working groups to assist in policy development, planning, and execution of complex contingency operations.<sup>6</sup>

A system of permanent and ad hoc Interagency Working Groups identify and develop policy issues for consideration by the NSC, including preparation of necessary supporting documents. IWGs can have geographic, functional, or topical areas of responsibility. Each IWG is the primary interagency forum for the development and implementation of national security policy within its specific area of responsibility.<sup>7, 8</sup>

The NSC staff is part of the Executive Office of the President, functioning as the President’s national security and foreign policy staff within the White House. The staff receives its direction from the President, through the National Security Advisor.

There is no legislated requirement for a National Security Advisor (formally called the Assistant to the President for National Security Affairs). As a Presidential advisor, the National Security Advisor is not subject to Senate confirmation and cannot be compelled to testify before Congress.

### **Role in Formal and Informal National Security Processes**

The following matrix depicts the relationship of the NSC products and roles to the seven key national security processes identified by the U.S. Commission on National Security/21<sup>st</sup> Century.

---

<sup>5</sup> PDD 2, January 20, 1993.

<sup>6</sup> PDD 2.

<sup>7</sup> PDD 2.

<sup>8</sup> Miskel.

		Strategy Development	Policy Guidance, and Regulations	Planning	Mission Execution	Observation, Orientation, and Oversight	Preparation	Resourcing
Products	National Security Strategy (NSS)	✓						
	Advice and Recommendations to the President	✓	✓	✓	✓	✓	✓	✓
	Draft Presidential Decision Directives (PDDs) and other Presidential policy and guidance		✓	✓	✓	✓	✓	✓
	Interagency coordination during complex contingencies		✓	✓	✓	✓		
Roles	NSC	Principal senior forum for considering national security matters	✓	✓	✓	✓	✓	✓
	NSC Committee Structure	Review, coordinate, and monitor the development and implementation of national security policy	✓	✓	✓	✓	✓	✓
		Identify and develop policy issues for consideration by the NSC	✓	✓	✓	✓	✓	✓
	NSC Staff	Manage the interagency committee and NSC policy coordination processes	✓	✓	✓	✓	✓	✓
		Provide analytical support and policy recommendations to the President and the National Security Advisor	✓	✓	✓	✓	✓	✓

**Strategy Development.** The National Security Council staff develops the *National Security Strategy* (NSS), which is issued annually and developed through a formal and informal coordinating process with 25 government Departments and Agencies.<sup>9</sup> This document reflects the President’s interest, goals, and objectives in the national security arena. The NSS tends to document policy change rather than drive policy change. The exception is the first NSS of an Administration, which forces the staff to flesh out the President’s ideas on national security.<sup>10</sup>

**Policy, Guidance, and Regulations.** PDD 2 defines the process to produce Presidential Decision Directives and other presidential policy for the Clinton Administration. It makes use of the NSC committee structure to resolve interagency issues at the lowest possible level. Presidential decisions are also translated into policy through several vehicles, including Presidential Determinations, Findings, and Executive Orders; the State of the Union Address, Presidential speeches, letters, and memoranda; press conferences, interviews, statements by the President and other Administration spokespersons; reports to Congress and other published reports; and testimony to Congress. Most of these documents are drafted by the NSC staff.

**Planning and Mission Execution.** PDD 56 is the Clinton Administration’s formal approach to managing complex contingency operations through interagency processes. Although it depends on the Interagency Process as described in PDD 2, PDD 56 reflects this Administration’s understanding that successfully coping with complex post-Cold War crises is likely to require the application of a number of elements of national power simultaneously and in a coordinated fashion. PDD 56 was drafted to orchestrate this application through the use of the NSC/DC and an Executive Committee (ExComm), established to harness interagency players and focus their efforts during planning and implementation of the plan for the contingency.

<sup>9</sup> The requirement for an annual NSS stems from the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

<sup>10</sup> Prior to 1986 there was no statutory requirement to develop a National Security Strategy and strategies which varied widely in scope and focus were published by the various Administrations on an ad hoc basis. The Goldwater-Nichols Department of Defense Reorganization of 1986 required an unclassified National Security Strategy report to Congress. This document reflects the President’s interest, goals, and objectives in the national security arena.

**Observation, Orientation and Oversight; Preparation; and Resourcing.** As the President’s national security and foreign policy staff within the White House, the NSC can exert influence in any of the higher-level national security processes. For example, the NSC plays a significant role in the budget process by its recommendations to the President (e.g., recommendations to veto or not veto a bill). Also there is close coordination between the Office of Management and Budget (OMB) and the NSC on matters of national security. Presidential Budget Decisions (PBDs) relating to national security are not approved by OMB without NSC coordination (see Volume II, Chapter 3, The Office of Management and Budget).

**Informal Processes.** In addition to its formal processes, the NSC structure facilitates many informal interactions that have a major impact in the U.S. national security arena. The National Security Advisor, the Secretary of Defense, and the Secretary of State hold regular consultations over meals, currently called the ABC (Albright-Berger-Cohen) lunches. There are also Weekly Foreign Policy Breakfasts which involve the ABC participants, plus the United Nations Representative, the DCI, and CJCS; Weekly Deputies Lunches; and a host of other informal meetings. NSC staff members also act as observers at high level departmental meetings.

The National Security Advisor’s influence depends on personality and skills, and how the role is perceived (e.g., as one of coordination or problem resolution). The ways in which the National Security Advisor interfaces with the President vary according to personality and style. While many have had daily audiences with the President, others have not.

The implications of the relationship of key players to the President are a very important factor. If the key players enjoy access and considerable influence with the President, their staffs tend to be more influential in the interagency process. Personality also figures largely in successful policy and strategy making. However, the degree to which the NSC gets involved in operational issues raises a question of congressional oversight. Today there is limited Congressional oversight of the NSC. Congress does execute some oversight of NSC by regulating its budget, although up to 70 percent of current policy staff members are currently detailed from other Agencies. Assigning the NSC greater operational responsibility would likely result in calls for more congressional oversight and legislative control. However, the Congressional Research Service has noted that “both in its staff organization and functioning, the NSC is extremely responsive to the preferences and working methods of each President and Administration. It would be difficult to design a uniform NSC structure that would meet the requirements of chief executives who represent a wide range of backgrounds, work styles, and policy agendas.”<sup>11</sup>

## **Observations**

Interagency coordination during execution will prove critical in the future, as the Nation moves into non-traditional national security arenas. The interagency nature of emerging national security threats will require even closer interagency cooperation during mission execution. Most of the interviewees felt that the NSC is absolutely necessary for interagency coordination. Those interviewed said that counterterrorism is a good example of how it should work—there is a process that pulls together the right people from the appropriate Agencies to monitor execution. The NSC staff is structured for coordination, not operations, and Congress exercises oversight of this function by limiting the staff budget to prevent it from growing into an operational Agency.

---

<sup>11</sup> Lowenthal, Mark M., and Best, Richard A., The National Security Council: An Organizational Assessment, Washington, DC: Congressional Research Service, May 12, 1993 (Congressional Research Service Report 93-517F).

Almost every interviewee acknowledged that the NSC does a credible job developing strategy and policy. There was general consensus, however, that implementation at the interagency level is not well done. Those interviewed said that in the NSC, it is the military people who help most with the execution. Our interviews suggested that many of the participating organizations have incentive structures that do not reward interagency participation.

Those interviewed related that PDD 56 is a good process, and that to the extent that it has been used, it has helped facilitate a much greater awareness among the key players. However, the process can quickly run into cultural differences between the various participants. Any reorganization of the national security structure and processes will need to be accompanied by a change in the incentive structure. Today, many of the participating organizations have incentive structures that do not reward interagency participation (i.e., personnel are rewarded based on how well they perform in their own organizations, not in the interagency as a general rule).

Because the NSC/PC and NSC/DC members are charged with running their Departments and organizations, interviews indicated that there is sometimes a lack of continuity in the process when substitutes attend key meetings. While proximity to the President is a significant part of NSC staff power, it is counterbalanced for many seconded staff members by the realization that someday they have to go back to their home Agency.

It appears that staff members on the NSC staff have a significant amount of influence through the writing of issue and information papers. They can propose recommendations that can quickly bubble up to the top. The real power base for the NSC staff comes from being close—or being perceived as close—to the President. However, because the National Security Advisor often fills the role as an important personal advisor to the President, the forced constraints imposed by a statutory National Security Advisor might force the President to look elsewhere for advice and could result in another type of unofficial national security advisory mechanism (e.g., Kitchen Cabinet).<sup>12</sup>

When the IWG or NSC/DC cannot reach consensus on an issue, it tends to languish unless there is some external forcing function. To be effective, process requires more than a good plan. Participants need to have situational awareness with a good sense of pace and forcing functions.

The Assistant to the President for National Security Affairs (or National Security Advisor) must perform a balancing act between two important roles. On the one hand, the National Security Advisor must be an “honest broker” for the NSC process, ensuring that issues are clearly presented to the President and that all reasonable options, together with an analysis of their disadvantages and risks, are brought to the President’s attention. On the other hand, the National Security Advisor must provide his personal advice to the President on national security issues. Although the role of the National Security Advisor is, to a large extent, dependent on the incumbent President, the power of the position has led some to suggest that the National Security Advisor should be Senate confirmed.

Although the *National Security Strategy* provides broad direction to the various components of the United States Government, there is no broad interagency guidance that directs how the strategy should be implemented. Such guidance does exist for the Department of

---

<sup>12</sup> A good discussion on the issue of making the position of National Security Advisor a statutory one can be found in CRS Report to Congress 93-517F, titled “The National Security Council: An Organizational Assessment,” by Mark M. Lowenthal and Richard A. Best, Jr.

Defense in the President-approved Contingency Planning Guidance. It may be worth assessing the usefulness of a similar document that would apply across the interagency process.

The relatively small size of the NSC staff, coupled with the immediacy of multiple contingencies, tends to make the NSC process more focused on crisis management than longer-term, strategic issues.

## ORGANIZATIONAL DESCRIPTION

### The National Security Council (NSC)

#### 1. Legal Specifications, Authorizations and Responsibilities.

**A. Authorizing Statute:** The National Security Council (NSC) was established by the National Security Act of 1947 and amended by the National Security Act Amendments of 1949. The NSC is responsible for advising the President with respect to the integration of domestic, foreign, and military policies relating to the national security. The authorizing statute (Title 50 of the United States Code) directs that the President chair the National Security Council. Its statutory members, in addition to the President, are the Vice President and the Secretaries of State and Defense. Statutory advisors include the Chairman of the Joint Chiefs of Staff (CJCS) and the Director of Central Intelligence (DCI).<sup>13</sup>

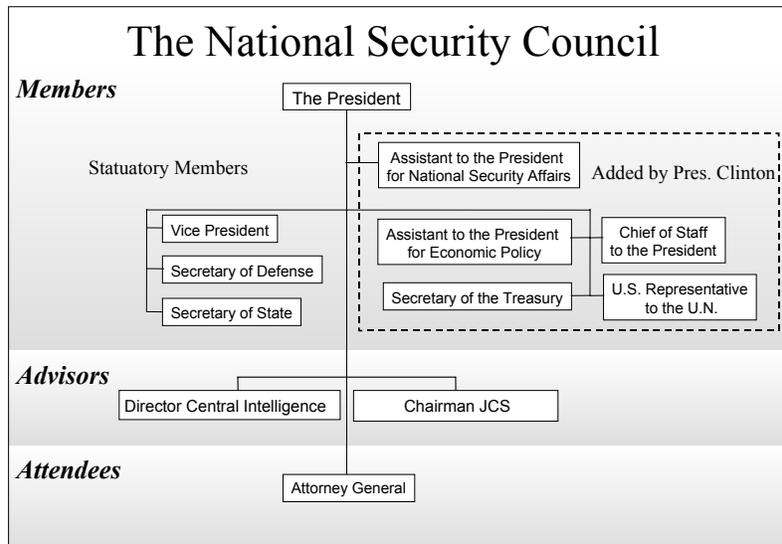
#### **B. Interagency Directives:**

**(1) Presidential Decision Directive 2 (PDD 2):** PDD 2 lays out the Clinton Administration's organization for national security. In addition to its statutory members, PDD 2 adds the following members to the NSC: Secretary of the Treasury, the U.S. Representative to the United Nations, the Assistant to the President for National Security Affairs,<sup>14</sup> the Assistant to the President for Economic Policy, and the Chief of Staff to the President. Although not a member, the Attorney General is invited to attend meetings pertaining to the Department of Justice's jurisdiction. It should be noted that the NSC staff only officially relates to other Agencies through the NSC Executive Secretary. The Executive Secretary, therefore, has historically had varying degrees of significance in the interagency process. It should be noted that the NSC staff only officially relates to other Agencies through the NSC Executive Secretary. The Executive Secretary, therefore, has historically had varying degrees of significance in the interagency process.

---

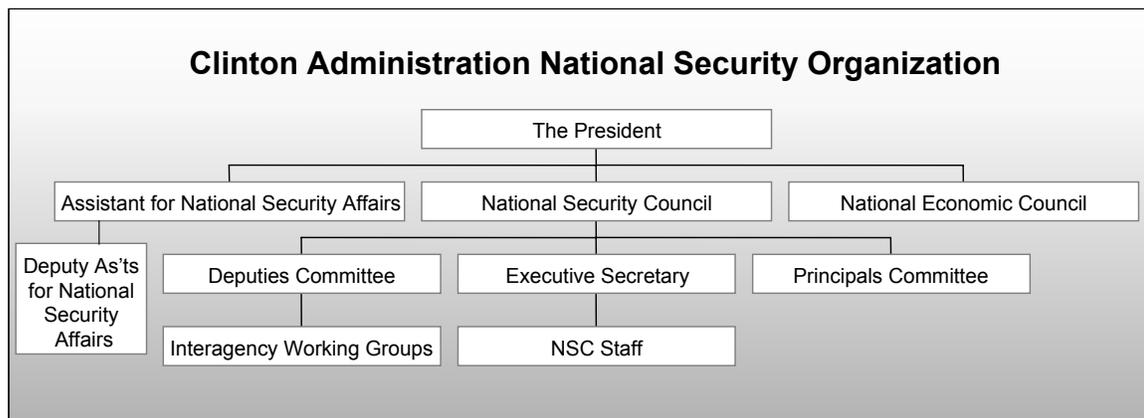
<sup>13</sup> Title 50 United States Code, Section 402, "National Security."

<sup>14</sup> The Assistant to the President for National Security Affairs (APNSA) is commonly known as the National Security Advisor.



**Figure 1: The National Security Council**

PDD 2 also describes an organizational hierarchy to address national security policy issues, including the NSC Principals Committee (NSC/PC), NSC Deputies Committee (NSC/DC), and Interagency Working Groups (IWGs).<sup>15</sup> Figure 2 shows the high-level national security organization within the Clinton Administration.



**Figure 2: National Security Organization<sup>16</sup>**

**(2) Presidential Decision Directive 56 (PDD 56):** PDD 56 outlines the Clinton Administration’s Policy for managing complex contingency operations. The intent is to achieve unity of effort among U.S. Agencies and international organizations engaged in complex

<sup>15</sup> PDD 2.

<sup>16</sup> James F. Miskel, in his article on the Clinton NSC for the Naval War College, notes that the Clinton Administration established the National Economic Council (NEC) through an Executive Order. Although separate from the NSC, the NEC does have an impact on the formation of foreign and national security policy. To ensure close coordination between the NEC and the NSC, the National Security Advisor is a member of the NEC. Likewise, the Assistant to the President for Economic Policy was added as a member of the NSC. In addition, the International Economic Affairs Directorate of the NSC staff (see notes to Figure 3) provides staff support to the NEC on economic policy issues with foreign or national security overtones. It is noteworthy that members of the NSC staff relate officially to other Agencies through the NSC Executive Secretary, and that office can be a powerful influence on the interagency process.

contingency operations. PDD 56 gives the NSC/DC a central role in the management of complex contingency operations.<sup>17</sup>

**2. Missions, Functions, Purposes:** In discussing the missions, functions, and purposes of the NSC it is important to remember the distinctions between the National Security Council, the NSC committee structure, and the NSC staff.<sup>18</sup> Each Administration has organized to address national security issues slightly differently, based on its objectives and management style. The following paragraphs describe the structure for the Clinton Administration.

### **A. Major Responsibilities:**

**(1) The National Security Council:** The National Security Council is the President's principal forum for considering national security and foreign policy matters with his senior national security advisors and cabinet officials. The Council also serves as the President's principal arm for coordinating these policies among various government Agencies.<sup>19</sup> Although the NSC and its committees make decisions consistent with the authority given it by the President, it also focuses interagency coordination and provides the President with advice on matters that require his attention.<sup>20</sup> Although its members hold official positions in the government, when meeting as the NSC they sit as advisors to the President.<sup>21</sup> The Council is a formal vehicle for providing the President with the full range of advice from his most senior advisors and the heads of the Agencies responsible for defense and foreign policy. Decisions made at NSC meetings are made by the President [Key National Security Process Relationship: All].<sup>22, 23</sup>

**(a)** One of the reasons the NSC was established was to enable the Services and the other Departments and Agencies of the Government to cooperate more effectively in matters involving the national security. Title 50 U.S.C. directs the NSC to:

**(i)** Assess and appraise the objectives, commitments, and risks of the United States in relation to our actual and potential military power, in the interest of national security, for the purpose of making recommendations to the President; and

---

<sup>17</sup> PDD 56 White Paper, The Clinton Administration's Policy on Managing Complex Contingency Operations: Presidential Decision Directive, May 1997, <http://www.whitehouse.gov/WH/EOP/NSC/html/documents/NSCDOC2.html>.

<sup>18</sup> Miskel.

<sup>19</sup> <http://www.whitehouse.gov/WH/EOP/NSC/html/nschome.html#staff>.

<sup>20</sup> Presidential decisions resulting from NSC deliberations may be announced in one of several ways, including: Presidential Determinations, Findings, and Executive Orders; State of the Union Address, Presidential speeches, letters, and memoranda; Press conferences, interviews, statements by the President and other Administration spokespersons; Reports to Congress and other published reports; and/or Testimony to Congress.

<sup>21</sup> Tower, John G., Scowcroft, Brent C., Muskie, Edmund S., "Organizing for National Security, Report of the President's Special Review Board, 1987" contained in American Defense Policy, edited by Hays, Peter L., Vallance, Brenda J., and Van Tassel, Alan R., Baltimore: Johns Hopkins University Press, 1997, p. 186.

<sup>22</sup> Miskel.

<sup>23</sup> During the Clinton Administration, the full NSC has met only once—on March 23, 1993, to review global conditions. Most of the current NSC's work is done in more flexible working groups, under the coordination of the National Security Advisor. - Kerrick, Donald L., Presentation to the National War College, November 12, 1997.

(ii) Consider policies and to make recommendations to the President on matters of common interest to the Departments and Agencies of the Government concerned with the national security.<sup>24</sup>

**(2) The NSC Committee Structure:** The NSC committee structure has been designed to facilitate resolution of policy issues at levels lower than the NSC (i.e., to resolve issues without having to bring them to the President for a decision). The committee structure also facilitates interagency coordination in the policy-making process.<sup>25</sup>

**(a) The NSC Principals Committee:** The NSC/PC is the senior interagency forum for considering policy issues affecting national security. The NSC/PC reviews, coordinates, and monitors the development and implementation of national security policy. The NSC/PC is a forum for Cabinet-level representatives to meet and discuss issues not requiring the President's participation. The National Security Advisor chairs the NSC/PC. Members include the Secretary of State, the Secretary of Defense, the U.S. Representative to the United Nations, the Director of Central Intelligence, the Chairman of the Joint Chiefs of Staff, and the Assistant to the President for Economic Policy<sup>26</sup> [Key National Security Process Relationship: All].<sup>27</sup>

**(b) The NSC Deputies Committee:** The NSC/DC serves as the senior sub-Cabinet interagency forum for considering policy. The NSC/DC provides a venue for Cabinet-level officials to discuss and resolve issues not requiring the President's participation. The NSC/DC reviews and monitors the work of the NSC interagency process, including the Interagency Working Groups. The NSC/DC focuses a major portion of its effort on policy implementation. In this regard, it conducts periodic reviews of major foreign policy programs to ensure that policy is being implemented in a timely and effective fashion. The reviews take into consideration whether a policy should be revamped or rescinded. The NSC/DC is also responsible for day-to-day crisis management (designated the DC/CM). PDD 56 calls upon the NSC/DC to establish appropriate interagency working groups to assist in policy development, planning, and execution of complex contingency operations. NSC/DC focuses on crisis prevention, including contingency planning for major areas of concern. PDD 56 also charges the NSC/DC to task the development of political-military plans whenever a complex contingency operation is contemplated in which the U.S. Government will play a substantial role. The PDD calls for the NSC/DC to conduct the interagency rehearsal/review of the pol-mil plan. The Deputy Assistant to the President for National Security chairs the NSC/DC.<sup>28</sup> Its members include the Undersecretary of Defense for Policy, the Undersecretary of State for Political Affairs, the Deputy Director of Central Intelligence, the Vice Chairman of the Joint Chiefs of Staff, the Assistant to the Vice President for National Security Affairs, and the Deputy Assistant to the President for Economic Policy [Key National Security Process Relationship: All].<sup>29</sup>

---

<sup>24</sup> Title 50, United States Code Section 402.

<sup>25</sup> Miskel.

<sup>26</sup> The Assistant to the President for Economic Policy is sometimes referred to as the National Economic Advisor and is the director of the National Economic Council (see Chapter 1 in this volume).

<sup>27</sup> PDD 2.

<sup>28</sup> PDD 56 White Paper.

<sup>29</sup> PDD 56 White Paper.

**(c) Interagency Working Groups (IWGs):** The system of IWGs consists of permanent and ad hoc groups.<sup>30</sup> IWGs can have geographic, functional, or topical areas of responsibility. Each IWG is the primary interagency forum for the development and implementation of national security policy within its specific area of responsibility. The IWGs identify and develop policy issues for consideration by the NSC, including preparation of necessary supporting documents. IWGs are established at the direction of the NSC/DC, which also determines the chair of the group (departmental, NSC, or National Economic Council (NEC)). The guidelines for establishing IWGs include number of participants, decision-making framework, and time line. The IWGs meet on a regular basis, as directed by the NSC/DC, and review and coordinate the implementation of presidential decisions in their policy areas. IWG membership is at the Assistant Secretary level. A member of the NSC staff assists each IWG as its Executive Secretary [Key National Security Process Relationship: All].<sup>31, 32</sup>

**(3) The NSC Staff:** The NSC staff serve as members of the White House staff, functioning as the President's national security and foreign policy staff within the White House.<sup>33</sup> The NSC staff receives its direction from the President, officially from the NSC Executive Secretary, and unofficially from the Assistant to the President for National Security Affairs. The major responsibilities of the NSC staff include:<sup>34</sup>

**(a)** Manage the interagency committee and NSC policy coordination processes [Key National Security Process Relationship: All];

**(b)** Provide analytical support and policy recommendations to the President and the National Security Advisor [Key National Security Process Relationship: All];

**(c)** Assist the President and the National Security Advisor in preparing for meetings with foreign leaders and in connection with the President's foreign travel [Key National Security Process Relationship: All];

**(d)** Participate in Presidential briefings, assist the President in responding to congressional inquiries, and prepare public remarks [Key National Security Process Relationship: All];

**(e)** Serve as an initial point of contact for Departments and Agencies who wish to bring a national security issue to the President's attention [Key National Security Process Relationship: All];

**(f)** Prepare briefing materials for the President and the National Security Advisor to assist them in making decisions regarding national security policy and operations,

---

<sup>30</sup> During the Clinton Administration, there have been roughly two dozen IWGs existing at any given time. - Kerrick, Donald L., Presentation to the National War College, November 12, 1997.

<sup>31</sup> PDD 56 White Paper.

<sup>32</sup> Miskel.

<sup>33</sup> Army Lieutenant General Donald L. Kerrick, former Deputy assistant to the President for National Security Affairs, has described the role of the NSC as "part of the presidential brain trust, part interagency referee, and part bureaucratic cop." Kerrick, Donald L., Presentation to the National War College, November 12, 1997.

<sup>34</sup> These responsibilities were derived from an NSC briefing titled "The National Security Council and the Interagency Process" which was provided by the NSC staff, as well as an article by James F. Miskel titled "The Clinton NSC" which was published by the United States Naval War College.

including preparation of meeting agendas, decision and discussion papers [Key National Security Process Relationship: All]; and

(g) Participate in interagency working groups organized to assess policy issues in a coordinated fashion among several Agencies at an initial staff level; prepare analysis and recommendations for the Deputy Assistants to the President for National Security Affairs, the National Security Advisor, and the President [Key National Security Process Relationship: All].<sup>35</sup>

### **B. Subordinate Agencies and Activities:**

(1) Executive Committees (ExComms) established by PDD 56 for complex humanitarian emergencies.

(2) Peacekeeping Core Group (PCG) established by PDD 25.

(3) Counterterrorism Security Group (CSG) established by PDD 39, amended by PDD 62.

(4) Special Coordination Group (SCG) established by PDD 42 for international crime.

(5) WMD Preparedness Group (WMDPG) established by PDD 62.

(6) Critical Infrastructure Coordinating Group (CICG) established by PDD 63.

### **C. Major Products:**

(1) The *National Security Strategy* (NSS);

(2) The *International Crime Control Strategy* (ICCS);

(3) Policy recommendations to the President; and

(4) Background material developed for the President.

## **3. Vision and Core Competencies.**

**A. Vision:** The NSC does not have a published vision. However the vision contained in the *National Security Strategy*, developed for the President by the NSC follows:

“In our vision of the world, the United States has close cooperative relations with the world’s most influential countries and has the ability to influence the policies and actions of those who can affect our national well-being.”<sup>36</sup>

This vision serves as a guide for NSC activities.

**B. Core Competencies:** The NSC does not have published core competencies. The recognized competencies of the NSC staff include functional expertise and the ability to respond

---

<sup>35</sup> <http://www.whitehouse.gov/WH/EOP/NSC/html/nschome.html#staff>.

<sup>36</sup> The White House, *A National Security Strategy for a New Century*, October 1998, p. 5.

quickly while under pressure. Because the NSC staff is so lean—approximately 200 personnel with very little bureaucratic layering—it is very efficient. The NSC deals with issues that are difficult, complex, and often secret. Decisions are required in hours rather than weeks. Advice must be given under great stress and with imperfect information.<sup>37</sup>

**4. Organizational Culture:** The NSC lies at the heart of the national security apparatus and is being the highest coordinating and advisory body within the government in this area aside from the Presidents cabinet. The real power base for the NSC staff comes from being close—or being perceived as close—to the President. The President clearly holds final decision-making authority in the Executive Branch, although over the years the NSC staff has emerged as a major factor in the formulation (and at times in the implementation) of national security policy.<sup>38</sup>

Similarly, the National Security Advisor has played important, and occasionally highly public, roles in policymaking.<sup>39</sup> Because it is so adaptable, the NSC staff will tend to fill any organizational vacuum resulting from a change in the national security environment. When a new area emerges, some Agencies will resist the change; others will fight over control. In such cases, the NSC staff can be opportunistic. The counter-terrorist and infrastructure protection areas are good examples. This type of expansion has caused the NSC staff to grow over the years. Depending on the level and scope of NSC involvement, such expansion can raise the issue of congressional oversight. Today there is limited congressional oversight of the NSC. Congress does execute some oversight of NSC by regulating its staff budget, although up to 70 percent of the current policy staff are currently detailed from other Agencies.<sup>40</sup> Assigning the NSC greater operational responsibility would likely result in calls for more congressional oversight and legislative control. However, the Congressional Research Service has noted that “both in its staff organization and functioning, the NSC is extremely responsive to the preferences and working methods of each President and Administration. It would be difficult to design a uniform NSC structure that would meet the requirements of chief executives who represent a wide range of backgrounds, work styles, and policy agendas.”<sup>41</sup>

**A. Values:** The NSC and its staff serve the President. Loyalty, evidenced through guarding the equities and legacy of the incumbent President, is an important value for the NSC. However, because approximately 70 percent of the NSC policy staff are detailed from other government Departments and Agencies, the NSC staff also values its status as an organization of national security professionals.

**B. Leadership Traditions:** The following description of the NSC leadership is taken from the Tower Commission Report.<sup>42</sup>

---

<sup>37</sup> Tower, Scowcroft, and Muskie.

<sup>38</sup> While proximity to the President is a significant part of NSC staff power, it is counterbalanced for many seconded staff members by the realization that someday they have to go back to their home Agency.

<sup>39</sup> Lowenthal, Mark M., and Best, Richard A., The National Security Council: An Organizational Assessment, Washington, DC: Congressional Research Service, May 12, 1993 (Congressional Research Service Report 93-517F).

<sup>40</sup> To meet the growing need for staff, the Clinton Administration has made extensive use of staff loaned to the NSC from government Agencies, think tanks and other non-governmental organizations. The origins of borrowed staff members can color the issues they raise and positions the Administration subsequently takes.

<sup>41</sup> Lowenthal, Mark M., and Best, Richard A., The National Security Council: An Organizational Assessment, Washington, DC: Congressional Research Service, May 12, 1993 (Congressional Research Service Report 93-517F).

<sup>42</sup> Tower, Scowcroft, and Muskie, pp. 187-188.

“The Assistant to the President for National Security Affairs (more commonly known as the National Security Advisor) is not mentioned in the National Security Act of 1947 or any other legislation. The National Security Advisor is not subject to Senate confirmation and cannot be compelled to testify before Congress. The role of the National Security Advisor, like the role of the NSC itself, has in large measure been a function of the operating style of the President. Nevertheless, the national security adviser has come to perform, to a greater or lesser extent, certain functions that appear essential to the effective discharge of the president’s responsibilities in national security affairs.

- He is an ‘honest broker’ for the NSC process. He ensures that issues are clearly presented to the President; that all reasonable options, together with an analysis of their disadvantages and risks, are brought to his attention; and that the views of the President’s other principal advisers are accurately conveyed.
- He provides advice from the President’s vantage point, unalloyed by institutional responsibilities and biases. Unlike the Secretaries of State or Defense, who have substantial organizations for which they are responsible, the President is the National Security Adviser’s only constituency.
- He monitors the actions taken by the executive departments in implementing the President’s national security policies. He asks the question whether these actions are consistent with presidential decisions and whether, over time, the underlying policies continue to serve U.S. interests.<sup>43</sup>
- He has a special role in crisis management. This has resulted from the need for prompt and coordinated action under presidential control, often with secrecy being essential.
- He reaches out for new ideas and initiatives that will give substance to broad presidential objectives for national security.
- He keeps the President informed about international developments and developments in the Congress and Executive Branch that affect the President’s policies and priorities.

But the national security adviser remains the creature of the president. The position will be largely what the President wants it to be. This presents any President with a series of dilemmas.

- The President must surround himself with people he trusts and to whom he can speak in confidence. To this end, the National Security Adviser, unlike the Secretaries of State and Defense, is not subject to confirmation by the Senate and does not testify before Congress. But the more the President relies

---

<sup>43</sup> On occasion, the APNSA assumes operational responsibilities, usually with the agreement of the cabinet secretaries involved. In most of these cases, the operational responsibilities assumed by the APNSA are not consonant with the duties and positions of those Departments (e.g., Kissinger and China; Lake and Northern Ireland).

on the National Security Adviser for advice, especially to the exclusion of his cabinet officials, the greater will be the unease with this arrangement.

- As the honest broker of the NSC process, the National Security Adviser must ensure that the different and often conflicting views of the NSC principals are presented fairly to the President. But as an independent advisor to the President, he must provide his own judgment. To the extent that the National Security Adviser becomes a strong advocate for a particular point of view, his role as honest broker may be compromised and the President's access to the unedited views of the NSC principals may be impaired.
- The Secretaries of State and Defense and the Director of Central Intelligence head Agencies of the government that have specific statutory responsibilities and are subject to congressional oversight for the implementation of U.S. national security policy. To the extent that the National Security Adviser assumes operational responsibilities, whether by negotiating with foreign governments or becoming heavily involved in military or intelligence operations, the legitimacy of that role and his authority to perform it may be challenged.
- The more the National Security Adviser becomes an 'operator' in implementing policy, the less he will be able objectively to review that implementation—and whether the underlying policy continues to serve the interests of the President and the Nation.
- The Secretary of State has traditionally been the President's spokesman on matters of national security and foreign affairs. To the extent that the National Security Adviser speaks publicly on these matters or meets with representatives of foreign governments, the results may be confusion as to what is the President's policy.”

**C. Staff Attributes:** PDD 2 provides for a strong NSC staff. A substantial number of NSC staff members over the years have been borrowed from Departments and Agencies—career military or civil servants with backgrounds in foreign policy and defense issues. Historically, a considerable number of NSC staff members have been detailed from various Federal Agencies, which continue to pay their salaries. This practice has been occasionally criticized as allowing the expansion of the White House staff beyond Congressional authorization. Beginning with the Kennedy Administration, a concerted effort was made to bring outside experts into the NSC staff in order to inject fresh perspectives and new ideas into the policymaking process. As of March 1999, a total of 208 personnel were assigned to the NSC staff. This included 101 policy personnel and 107 administrative and support personnel. Of the policy personnel, 70 percent are detailed from other Agencies, including 35 from the Department of State and 12 military officers from the Department of Defense.<sup>44</sup>

It is important that NSC staff members be able to gather information from throughout the government on their particular functional area, so in a real sense the fact that many come from

---

<sup>44</sup> The growth of the NSC staff has not increased linearly from Administration to Administration; it simply varies according to Administration needs.

other government offices has benefit. Internally, the NSC is governed by very strict guidance to be non-political. This allows the NSC staff to promote more functional positions at “White House only “ meetings. In fact, those we interviewed related that the NSC staff is viewed with some skepticism by others on the White House Staff. For example, the NSC pushed for Presidential support for the F-22, while most political advisors tried to kill it.

**D. Strategy:** The NSC strategy is embodied in the *National Security Strategy*. The NSS has three objectives:

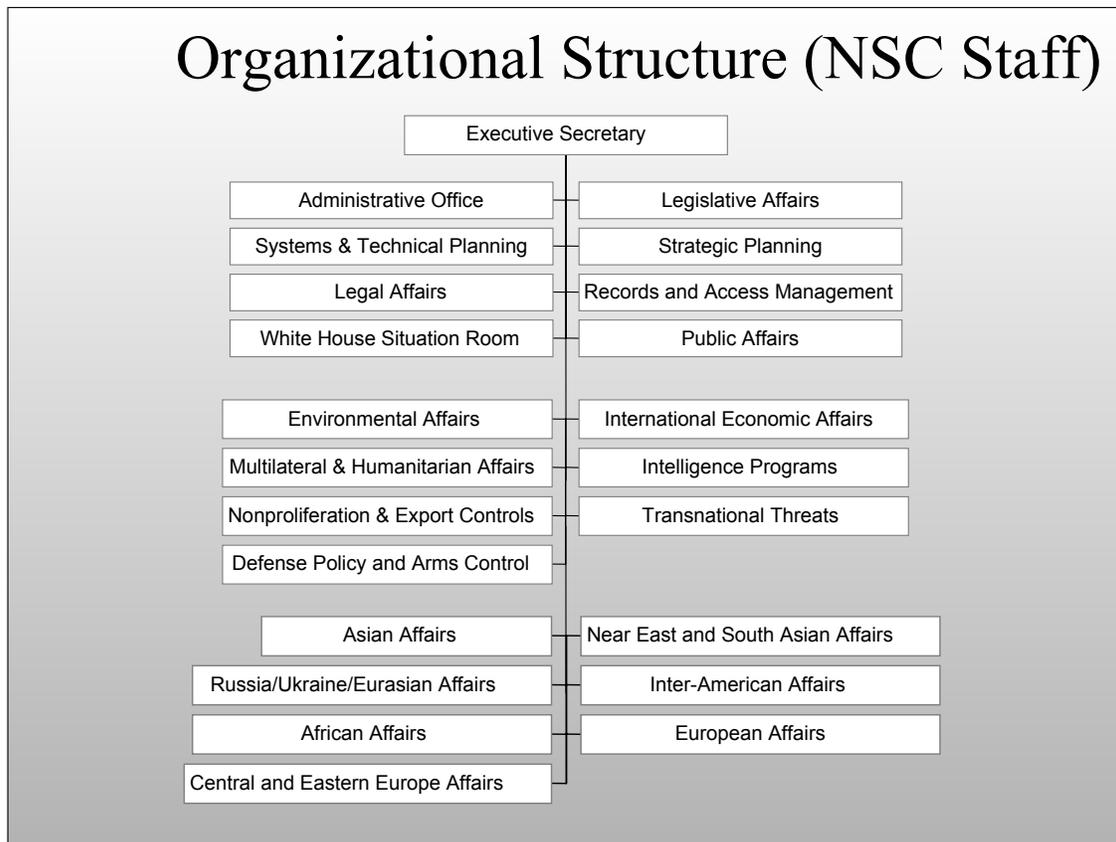
- (1) To enhance the Nation’s security;
- (2) To bolster America’s economic prosperity; and
- (3) To promote democracy abroad.

**E. Organizational Structure:** The NSC staff is organized to meet the particular goals and work habits of the incumbent President. The organization of the NSC has varied significantly from one Administration to another, from a highly structured formal system to a loose-knit collection of experts.<sup>45</sup> The NSC is a very flexible organization, for that reason it has an easy time adjusting to changes in the national security environment. The law calls for a staff, but provides no guidance as to size, internal organization, etc. The NSC has reorganized once or twice a year throughout its history. The following figure describes the current organizational structure for the Clinton Administration.

---

<sup>45</sup> Lowenthal and Best.

# Organizational Structure (NSC Staff)



**Figure 3: NSC Staff.**

## Notes on the NSC Organizational Chart<sup>46</sup>

**(1) Executive Secretary:** The Executive Secretary serves as the chief manager and administrative officer of the NSC. The Executive Secretary assists in directing the activities of the NSC staff on the broad range of defense, intelligence and foreign policy matters. The office tasks, reviews, and insures proper coordination of all information and action memoranda submitted by the NSC staff to the National Security Advisor and the President. The Executive Secretary is the principal point of contact between the National Security Council and other government Agencies and with the Executive Offices of the President.

**(2) Administrative Office:** The NSC Administrative Office assists the President and the National Security Advisor by facilitating any and all administrative projects as they pertain to the National Security Council staff and the mission of the National Security Council.

**(3) Systems & Technical Planning:** The Systems and Technical Planning Office provides communications, computer, intelligence, and crisis management support to the President and National Security Advisor, including the coordination of U.S. Government policy and intelligence information needed by the President and National Security Advisor for national security policymaking.

<sup>46</sup> The following NSC organizational descriptions are found on the NSC website at <http://www.whitehouse.gov/WH/EOP/NSC/html/nschome.html#staff>. Most policy offices are headed by Special Assistants to the President for. . . There is a hierarchy among the policy offices which changes depending on Presidential priorities and personalities of staff members.

**(4) Legal Affairs:** In coordination with the White House Counsel, the Legal Office of the NSC advises and assists the President and the National Security Advisor on legal issues relevant to national security. The Office also provides legal advice to NSC staff members on matters arising in the course of their official responsibilities. Among the issues on which the Office provides advice and assistance to the President, are the interpretation of U.S. domestic law, international treaties, and customary international law arising in the consideration of national security issues. In providing this advice, the Legal Office works closely with the General Counsels of relevant Agencies, the Justice Department, and the White House Counsel's office. The Office also reviews legislative proposals, particularly for implications for the President's foreign policy and commander-in-chief prerogatives. The Office reviews official documents going to the President for approval (e.g., reports to Congress, Presidential Determinations and certifications).

**(5) The White House Situation Room:** The White House Situation Room is a 24-hour watch and alert center. Its mission is to provide the President, the National Security Advisor, and the members of the NSC staff with current intelligence and open-source information in support of the formulation and implementation of national security policy.

**(6) Legislative Affairs:** The Legislative Affairs Office advises and assists the President and the National Security Advisor on all aspects of U.S. foreign policy with respect to all issues relating to legislation on National Security matters.

**(7) Strategic Planning:** The Office of Strategic Planning advises and assists the President and the National Security Advisor on all aspects of U.S. foreign policy with respect to strategic communications and planning issues. Additionally, the Office of Strategic Planning drafts the public remarks of the President and the National Security Advisor on foreign affairs—including policy speeches, statements, and ceremonial remarks.

**(8) Records and Access Management:** The Records and Access Management Office consists of two divisions: Access Management and Records Management. Access Management staff advise and assist the President and National Security Advisor by reviewing classified information generated at the White House by the President, the National Security Advisor, or the President's staff at NSC for release in response to requests from researchers, historians, and the general public. The Records Management staff assists the President and National Security Advisor by facilitating the movement of documents to and from the President, National Security Advisor, NSC Staff, and NSC Executive Secretary. Records Management receives all Agency, Congressional, and high priority correspondence and distributes documents to appropriate staff, performs staff research, and maintains liaison with the Departments and other Executive Office of the President (EOP) offices on outstanding matters.

**(9) Public Affairs:** Members of the Press Office for Foreign Affairs serve the President, National Security Advisor, and White House Press Secretary on all press-related matters involving national security and foreign policy issues. The press secretaries also coordinate all contacts between the NSC staff and the press. Responsibilities include coordinating press affairs with U.S. Government Agencies responsible for foreign, defense, and intelligence policy. The NSC press secretaries provide briefings to the White House press corps on foreign policy matters. The press secretaries accompany the President on all foreign trips, where they brief the President, the National Security Advisor, and the White House Press Secretary on breaking foreign news stories and brief the press corps traveling with the President.

**(10) Environmental Affairs:** The Office of Environmental Affairs advises and assists the President and National Security Advisor on all aspects of U.S. foreign policy with respect to protecting the global environment. Among the issues on which the office provides advice and assistance to the President and National Security Advisor are global climate change, ozone depletion, biodiversity, forests, desertification, oceans, trade/environment, chemicals, policies with respect to the United Nations and multilateral development banks, and conflict or instability caused or exacerbated by environmental degradation.

**(11) Multilateral and Humanitarian Affairs:** The Office advises and assists the President and the National Security Advisor on all aspects of U.S. foreign policy relating to democracy and human rights promotion, humanitarian affairs (including refugee and migration issues), international broadcasting, United Nations affairs, international peacekeeping and sanctions policy.

**(12) Nonproliferation and Export Controls:** The Nonproliferation and Export Controls Office advises and assists the President and the National Security Advisor on all aspects of U.S. foreign policy with respect to issues relating to nonproliferation and arms control. Among the issues are diplomatic efforts with respect to North Korea, China, Japan, the former Soviet Union, South Asia, the Middle East, South Africa, and Latin America; fissile material initiatives and controls including the United States-Russia Agreement on Highly-Enriched Uranium and efforts to combat nuclear smuggling; multilateral regimes such as the Nuclear Non-Proliferation Treaty, Biological and Toxic Weapons Convention, Chemical Weapons Convention, Australia Group, Missile Technology Control Regime, Nuclear Suppliers Group and the Wassenaar Arrangements; export controls for specific economic sectors as well as the Export Administration Act; and conventional arms transfer policy.

**(13) Defense Policy and Arms Control:** The Office advises and assists the President and the National Security Advisor on all aspects of U.S. national security policy with respect to the U.S. defense budget, programs and policy, nuclear arms control, and conventional arms control. Among the issues on which the Office provides advice and assistance to the President are the *National Security Strategy*; defense budget; military force structure and strategy; defense research and development and procurement programs; personnel policy; military readiness; senior officer nominations; Base Realignment and Closure (BRAC); defense reinvestment; Telecommunications; Military space policy; National Security Emergency Preparedness (NSEP); Comprehensive Test Ban Treaty (CTBT) negotiations; U.S. nuclear posture and Intermediate-Range Nuclear Forces (INF) Treaty and the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Reduction and Limitation of Strategic Offensive Arms of July 31, 1991 (START) implementation; ballistic missile defense policy and Anti-Ballistic Missile Treaty implementation; Treaty on Open Skies implementation; Treaty on Conventional Armed Forces in Europe implementation; security component of the Organization for Security and Co-operation in Europe (OSCE); and North Atlantic Treaty Organization (NATO) defense policy.

**(14) International Economic Affairs:** The International Economic Affairs office advises and assists the President and the National Security Advisor on all aspects of U.S. foreign policy with respect to U.S. international economic policies. Among the issues on which the office provides advice and assistance to the President are the World Trade Organization, regional trade initiatives in Asia and Latin America, and bilateral trade and investment issues. Personnel assigned to this office are often dual-hatted to the National Economic Council. Under previous

Administrations, when there was no NEC, this office was significantly larger. Now, it mainly functions as an interface between the NSC and the NEC and deals with a narrow range of international economic issues.

**(15) Intelligence Programs:** The Office advises and assists the President and the National Security Advisor on all aspects of U.S. foreign policy with respect to issues relating to intelligence.

**(16) Transnational Threats.** The Office advises and assists the President and the National Security Advisor in addressing threats to U.S. security such as terrorism, cyber warfare and computer security, covert employment of weapons of mass destruction, narcotics trafficking, and international organized crime. The Office is directed by a Special Assistant to the President who is also the National Coordinator for Security, Infrastructure Protection and Counter-terrorism.<sup>47</sup>

**(17) Geographically Focused Offices:** Geographically focused offices of the NSC staff advise and assist the President and National Security Advisor on all aspects of U.S. foreign policy with respect to their specific geographic areas, to include the region's economy, politics and security concerns and institutions (e.g., NATO, the Association of South East Asian Nations (ASEAN)). These offices include:

- (a) Asian Affairs;
- (b) Russia/Ukraine/Eurasian Affairs;
- (c) African Affairs;
- (d) Central and Eastern Europe Affairs;
- (e) Near East and South Asian Affairs;
- (f) Inter-American Affairs; and
- (g) European Affairs.

**(18)** Occasionally the NSC will establish temporary, or ad hoc, offices for shorter-term issues. For example, recently there was an office of three people overseeing the interagency investigation into the Gulf War Illness.

---

<sup>47</sup> On May 22, 1998, the President approved a directive, Presidential Decision Directive 63, establishing a national critical infrastructure protection policy and a government framework to develop and implement infrastructure protection measures. Key organizations created in that directive were a National Infrastructure Protection Center (NIPC), located within the FBI, with operational responsibilities, and a Critical Infrastructure Assurance Office (CIAO), in the Department of Commerce, which provides planning and coordination support to a National Coordinator for Security, Infrastructure Protection, and Counter-terrorism, located in the National Security Council. The naming of a National Coordinator was designed to elevate the attention of these two critical interagency issues.

**5. Formal National Security Process Involvement.** The NSC interacts with all seven of the key national security processes. The following matrix summarizes the participation of the NSC in these processes.

			Strategy Development	Policy, Guidance, and Regulations	Planning	Mission Execution	Observation, Orientation, and Oversight	Preparation	Resourcing
<b>Products</b>	National Security Strategy (NSS)		✓						
	Advice and Recommendations to the President		✓	✓	✓	✓	✓	✓	✓
	Draft Presidential Decision Directives (PDDs) and other Presidential policy and guidance			✓	✓	✓	✓	✓	✓
	Interagency coordination during complex contingencies			✓	✓	✓	✓		
<b>Roles</b>	NSC	Principal senior forum for considering national security matters	✓	✓	✓	✓	✓	✓	✓
	NSC Committee Structure	Review, coordinate, and monitor the development and implementation of national security policy	✓	✓	✓	✓	✓	✓	✓
		Identify and develop policy issues for consideration by the NSC	✓	✓	✓	✓	✓	✓	✓
	NSC Staff	Manage the interagency committee and NSC policy coordination processes	✓	✓	✓	✓	✓	✓	✓
		Provide analytical support and policy recommendations to the President and the National Security Advisor	✓	✓	✓	✓	✓	✓	✓

**A. Strategy Development:**

**(1) Major Activities:** Development of the *National Security Strategy* and the International Crime Control Strategy,<sup>48</sup> and identification of national security issues.

**(2) Major Stakeholders:** All Departments; most Agencies, including the Central Intelligence Agency (CIA), Drug Enforcement Administration (DEA), Environmental Protection Agency (EPA), Federal Emergency Management Agency (FEMA), and the National Aeronautics and Space Administration (NASA); and several entities within the Executive Office of the President, including the Council of Economic Advisors (CEA), Council on Environmental Quality (CEQ), NEC, Office of Management and Budget (OMB), Office of National Drug Control Policy (ONDCP), Office of Science and Technology Policy (OSTP), and the United States Trade Representative (USTR).

**(3) Key Organizational Processes:**

**(a) The *National Security Strategy*:** The NSS is developed by the NSC Directorate of Defense Policy and Arms Control. It is issued annually and developed through the following process (See Appendix 1 for process map).<sup>49</sup>

<sup>48</sup> Prior to 1986 there was no statutory requirement to develop a National Security Strategy and strategies which varied widely in scope and focus were published by the various Administrations on an ad hoc basis. The Goldwater-Nichols Defense Department Reorganization Act of 1986 required an unclassified National Security Strategy report to Congress. This document reflects the President’s interest, goals, and objectives in the national security arena.

**(i)** The day after the current NSS comes out, the NSC staff officer responsible for the document begins collecting data for the next version. This includes data on policy changes as well as information on changes in the external environment.<sup>50</sup>

**(ii)** Throughout the year, Departments and Agencies can informally recommend changes. The NSC staff officer makes the decision whether to accept them. He also contacts various people in academia and think tanks.

**(iii)** The first draft of the NSS is written by the NSC staff officer approximately six months before publication.

**(iv)** The first draft goes through an internal round of NSC coordination. Permission to send the draft out for external coordination is granted by the Deputy Assistant to the President for National Security Affairs.

**(v)** The document goes out to 25 Agencies for coordination, including the Departments of Commerce, Energy, Interior, Labor, Transportation, Defense, Health and Human Services, Justice, State, and Treasury, CJCS, the FBI, CIA, DEA, EPA, FEMA, and NASA. Within the Executive Office of the President, the NSS is coordinated through CEA, CEQ, NEC, OMB, ONDCP, OSTP, and USTR. The document is also coordinated through the Assistant to the Vice President for National Security Affairs. Those interviewed related that the Departments and Agencies often try to “game” their input for budget purposes.

**(vi)** The decision for inclusion of comments from the first round of coordination is initially made by the NSC staff officer. Comments not included are noted during the next round of internal NSC coordination. The Deputy again approves the document for final external coordination.

**(vii)** The document is revised to account for the comments received from the final round of coordination. The document also changes throughout the process due to unexpected events (e.g., the crisis in E. Timor or the Senate action on the Comprehensive Test Ban Treaty (CTBT)). In assembling the final document, the NSC staff officer highlights any major points of disagreement and how they were resolved. Throughout the process, he works closely with others on the NSC staff and the relevant points of contact in the Departments and Agencies.

**(viii)** Once the National Security Advisor approves the document, it is sent to the President for signature. The forward to the NSS is written by the presidential speech writers, who work closely with the NSC staff. After the President signs, about 36,000 copies are produced. The document is distributed to Congress (all members and relevant committee staffs), the Executive Branch (every relevant Department and Agency), most foreign embassies, a wide variety of non-governmental organizations (academia, think tanks, advocacy groups), prominent former Administration officials, and interested media representatives.

---

<sup>49</sup> The information on this process was derived from interviews with the NSC staff as well as from the briefing titled “The National Security Strategy Report,” provided by the NSC staff.

<sup>50</sup> The NSS tends to document policy change rather than drive policy change. The exception is the first NSS of an Administration, which forces the staff to flesh out the President’s ideas on national security.

**(b) The International Crime Control Strategy:** To further the objectives outlined in PDD 42, the NSC directed the Departments of Justice, State, and the Treasury to develop and implement a comprehensive national strategy to attack international crime.<sup>51</sup> The resulting ICCS articulates eight broad goals and thirty related objectives as a blueprint for an effective, long-term approach to combating international crime.<sup>52</sup>

**(4) Associated Higher-Level Processes:** None.

**(5) Associated Lower-level Processes:** Joint Staff Development of the National Military Strategy, ONDCP development of the National Drug Control Strategy

## **B. Policy, Guidance, and Regulation:**

**(1) Major Activities:** Management of the process that produces Presidential Decision Directives (PDDs).

**(2) Major Stakeholders:** All Departments and Agencies of the Federal Government.

**(3) Key Organizational Processes:** PDD 1 revised and renamed the framework governing the work of the National Security Council. A Presidential Review Directive (PRD) series is the mechanism used by the new Administration to direct that specific reviews and analyses be undertaken by the Departments and Agencies. A Presidential Decision Directive is used to promulgate presidential decisions on national security matters.<sup>53</sup> Issued through the National Security Council, these memorandums and directives provide guidance to the appropriate Agencies and Departments for the execution and formulation of national security policy.<sup>54</sup>

**(4) Issue Identification:** Matters such as reappraisal of U.S. policy toward a particular country or the consideration of a one-time issue are handled through a special process.

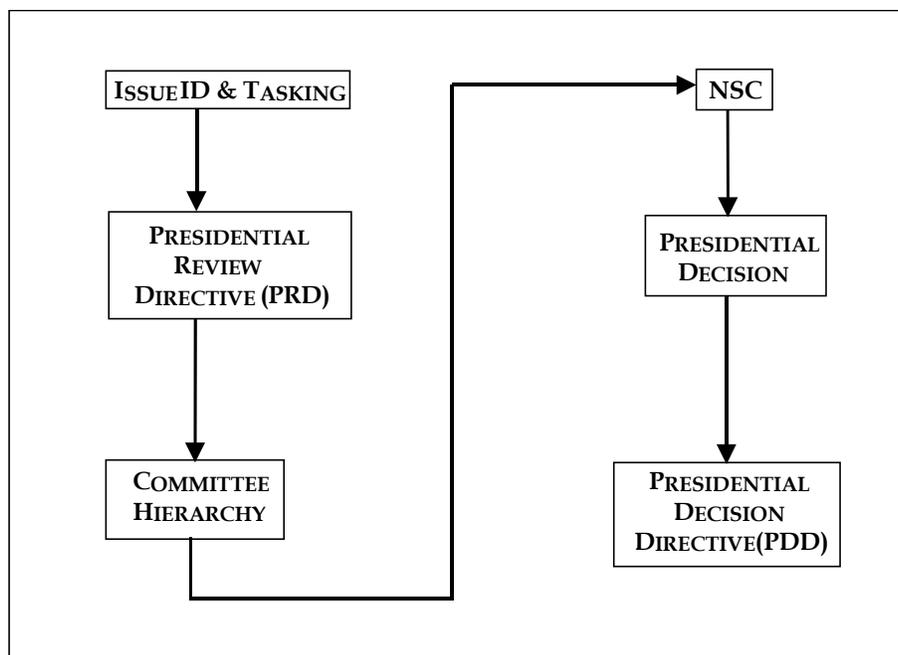
---

<sup>51</sup> PDD 42 ordered all Agencies of the Executive Branch to increase the priority and resources devoted to fighting international crime, improve internal coordination, work more closely with foreign governments to develop a response to the threat, and use aggressively all legal means available to combat international crime. - International Crime Control Strategy, June 1998.

<sup>52</sup> International Crime Control Strategy, June 1998.

<sup>53</sup> <http://www.whitehouse.gov/WH/EOP/NSC/html/NSChistory.html>, Office of the Historian, U.S. Department of State, August 1997.

<sup>54</sup> <http://www.whitehouse.gov/WH/EOP/NSC/html/historical/>.



**Figure 4: The PDD Process.**

This process begins with the identification of an issue by any Agency in the Executive Branch (it could also come from a congressional initiative). The particular Agency might be seeking clarification of policy, reevaluation of an existing policy, or development of policy where it does not exist. If the policy involves multiple Agencies and Departments (as it almost always does), the NSC is the appropriate forum to discuss the action.<sup>55</sup> The formal process for formulating national security policy depends on the functioning of the hierarchy of committees that support the NSC. The committees are networks that Agencies and the White House use to raise issues, develop options, and bring alternative views to the table. Each committee provides a forum in which representatives from the major Departments and Agencies can air their respective positions on the issue being considered. The following figure illustrates the flow of a policy issue through this process (See Appendix 2 for process map).

An issue may be raised by a member of the NSC or any senior member of the Executive branch. Issues are normally generated in two ways. First, whenever a new Administration comes in, it initiates a policy or issue review. Second, issues are raised by crises (PDD56 is an example). For the most complex or contentious issues a formal Presidential Review Directive may be commissioned. Signed by the President, the PRD specifies the issues to be studied, assigns responsibility for conducting the study, and establishes the schedule for completion.<sup>56</sup>

**(a) Issue Resolution:** Issues that can be resolved at the completion of the review by an IWG, the NSC/DC, or NSC/PC may be presented to the President in the form of a consensus document prepared by the chairman of the respective committee (often a member of the NSC staff).<sup>57</sup> Issues may also be resolved in a private meeting with the President, the National

<sup>55</sup>“American National Security: Policy and Process”, 1993; pp. 217-218.

<sup>56</sup> Miskel.

<sup>57</sup> Those interviewed stated that the challenge is for the principals to step out of their Agency roles and become true policy advisors.

Security Advisor, and other key officials.<sup>58</sup> Typically, the National Security Advisor would take the lead in setting up the meeting, or a meeting of the National Security Council could be held.<sup>59, 60</sup>

**(b) Presidential Decision:** Decisions made by the President may be announced in one of several ways, including:

- (i)** Presidential Determinations, Findings, and Executive Orders;
- (ii)** State of the Union Address, Presidential speeches, letters, and memoranda;
- (iii)** Press conferences, interviews, statements by the President and other Administration spokespersons;
- (iv)** Reports to Congress and other published reports; and/or
- (v)** Testimony to Congress.<sup>61</sup>

Once signed by the President, PDDs are distributed to the appropriate Departments or Agencies for implementation. The process of developing, issuing, and controlling PRDs and PDDs is the responsibility of the NSC staff.<sup>62</sup>

**(5) Associated Higher-Level Processes:** None.

**(6) Associated Lower-level Processes:** Directives and instructions issued by Departments/Agencies.

### **C. Planning:**

**(1) Major Activities:** Management of the process that produces political-military plans for complex contingency operations (PDD 56). The NSC also transmits the Contingency Planning Guidance (CPG) from DoD for Presidential approval. The CPG is the source document that drives DoD's deliberate planning process.

**(2) Major Stakeholders:** All Departments and Agencies of the Federal Government.

---

<sup>58</sup> Those interviewed stated that when a presidential decision was required, it was never made if the President was attending the meeting. The National Security Advisor would obtain the decision at a later time by drafting a decision memo, describing the options, for the President.

<sup>59</sup> Miskel.

<sup>60</sup> Former Deputy Assistant to the President for National Security, Army Lieutenant General Donald L. Kerrick, estimates that 95 percent of all national security information (excluding intelligence) that the President sees comes from or through the filter of the NSC staff and the National Security Advisor. - Kerrick, Donald L., Presentation to the National War College, November 12, 1997.

<sup>61</sup> The NSC can drive policy through many means, including through its role in setting the President's travel agenda. Travel planning often forces decisions to be made regarding policies for a particular region/country. One interviewee related that since there are a number of factors that go into deciding on travel, this will drive the interAgency in setting the policy agenda.

<sup>62</sup> Miskel.

**(3) Key Organizational Processes:** PDD 56 is the Clinton Administration’s formal approach to managing crises (complex contingency operations) through interagency processes (See Appendix 3 for process map).<sup>63</sup> Although it depends on the Interagency Process as described in PDD 2, PDD 56 is a specialized document that marks a departure from previous Administrations where crisis management was accomplished through the standard interagency process.<sup>64</sup> PDD 56 reflects this Administration’s understanding that successfully coping with complex post-Cold War crises is likely to require the application of a number of elements of national power simultaneously and in a coordinated fashion. PDD 56 was drafted to orchestrate this application through the use of the NSC/DC and an Executive Committee established to harness interagency players and focus their efforts. The PDD 56 process involves initial decision making by the standard interagency process at the NSC/DC and NSC/PC level, then moves to the establishment of an ExComm.<sup>65</sup>

**(4) The ExComm** oversees planning and implementation of the plan for the contingency. Prior to implementation, the ExComm presents the pol-mil plan to the NSC/DC for approval. During implementation, the ExComm monitors, adjusts or recommends adjustments, and implements changes. After the operation, it assembles, assesses, and distributes lessons learned during all phases. ExComm members are held personally accountable to the President for planning and implementation.<sup>66</sup> This method of accountability seems to establish a sense of urgency and a mission-oriented culture, although it is not clear that members completely forego bureaucratic interests during ExComm deliberations. Department and agency involvement in the ExComm is not fixed and depends on operational requirements. The ExComm is assisted by IWGs, which may be those that exist *de rigueur* or specially constituted for the crisis. The NSC/DC determines ExComm leadership. ExComm members not only represent their agencies, but also act as program managers for functional areas (e.g., weapons of mass destruction, civil reconstruction). In this role, they are responsible for producing appropriate portions of the pol-mil plan, as described in the next section. They are also responsible for implementing plans in their areas of expertise and to keep the ExComm and NSC/DC informed of problems and/or significant issues. The ExComm meets frequently during all phases, often once each day or more.<sup>67</sup> (Although a key player in PDD 56, other ExComms have been established outside the PDD 56 structure to cope with other problems. The title ExComm should not be construed as applying to PDD 56 activities exclusively.)

---

<sup>63</sup> As defined in PDD 56, complex contingency operations include peace operations (broadly defined to include accord implementation), humanitarian assistance operations; and foreign humanitarian assistance operations. Although not specifically addressed, the PDD 56 process was used also to plan for operation Restore Democracy in Haiti. An Administration White Paper (entitled The Clinton Administration’s Policy on Managing Complex Contingency Operations: Presidential Decision Directive 56 dated May 1997) elaborates that PDD 56 does not apply to “domestic disaster relief or to relatively small-scale operations, not to military operations conducted in defense of U.S. citizens, territory, or property, including counter-terrorism and hostage-rescue operations and international armed conflict.” This will presumably be addressed through the standard interagency process described in PDD 2.

<sup>64</sup> National Security Directive 1 for the Bush Administration; PDD 2 for the Clinton Administration. It is important to keep in mind that PDD 56 does not prescribe when and under what circumstances the US should become involved. Rather, it focuses on what actions should be taken.

<sup>65</sup> Those interviewed related that beyond PDD 56, there is not much contingency planning done at the White House (e.g., no “what-if” planning). The full effort of the White House staff is directed at supporting current policies. There is a concern that contingency planning details would be leaked and would be interpreted as lack of support for current policies.

<sup>66</sup> National Security Council, Handbook for Interagency Management of Complex Contingency Operations, August 1998, refers to holding ExComm members responsible to the President as “the organizing principle of the ExComm.” (p. 9).

<sup>67</sup> Some participants, especially in the Joint Staff, believe these meetings are too frequent and detract from crisis management requirements.

**(5) The Political-Military (Pol-Mil) Plan:** The pol-mil plan lays out missions, objectives, responsibilities, and end states. It is designed to improve crisis management techniques by centralizing planning while decentralizing the execution of those plans. Management is improved through integration effort, defining priorities and allocating resources accordingly, and establishing milestones and metrics to chart operational success and make necessary adjustments. In addition to the plan, the process of developing the plan involves information exchange—a process in itself—and the development of networks through which participants can take advantage of each other’s expertise—not just during plan development, but throughout the timeline of a complex contingency operation. In this sense, it is both product and tool. The *Handbook for Interagency Management of Complex Contingency Operations* describes pol-mil planning as “the centerpiece of the integrated planning process.”

**(6) The Interagency Rehearsal:** Once the pol-mil plan is complete, the ExComm presents it to the NSC/DC. This series of briefings—known as the Interagency Rehearsal—is designed to comprehensively review the plan and to identify problems and potential gaps between participants. The essential concept is to identify and resolve differences in understanding or interpretation before the operation begins.

**(7) Monitoring Ongoing Operations:** Although the ExComm is responsible for monitoring and making adjustments (or recommendations for adjustments) during complex contingency operations, PDD 56 prescribes no specific methods for doing so. A review of lessons learned contained in the *Handbook* notes that reassessments must be continuous. The review goes on to state that on-the-ground operations must be transparent; changes must be assessed by the interagency; there must be effective communications in all directions; and issues must be resolved in a timely manner, especially when the safety of U.S. forces is at risk.

**(8) Assessing Process Effectiveness:** At each phase of a complex contingency—from inception to end state—participants are enjoined to collect relevant data about performance; analyze this information and derive key lessons; distribute lessons across the interagency; and incorporate them into policies and procedures for future operations. Upon completion of each operation, the ExComm is tasked with conducting an After Action Review (AAR) to determine “what went well, what did not, and why.”<sup>68</sup>

**(9) Associated Higher-Level Processes:** None.

**(10) Associated Lower-level Processes:** Development of Pol-Mil plans for complex contingency operations. The DoD deliberate planning process.

#### **D. Mission Execution:**

**(1) Major Activities:** Normally the NSC/DC forms an Executive Committee with appropriate membership to supervise the day-to-day management of U.S. participation in complex contingency operations as outlined in PDD 56.

**(2) Major Stakeholders:** All Departments and Agencies of the Federal Government.

---

<sup>68</sup> National Security Council, *Handbook for Interagency Management of Complex Contingency Operations*, August 1998, Chapter 4.

**(3) Key Organizational Processes:** The PDD 56 process, as described above.

**(4) Associated Higher-Level Processes:** None.

**(5) Associated Lower-Level Processes:** Mission execution by the associated Departments and Agencies of the U.S. Government.

**E. Observation, Orientation, and Oversight; Preparation; Resourcing:** As the President's national security and foreign policy staff within the White House, the NSC can exert influence in any of these higher-level national security processes. For example, in the budget process NSC staff can recommend that the President veto or not veto a bill. There is also close coordination between OMB and the NSC on matters of national security. For example, Presidential Budget Decisions (PBDs) relating to national security are not approved by OMB without NSC coordination. The NSC also writes background information for various presidential meetings on the budget. Every Cabinet Secretary gets a final appeal on the Department's budget with the President. Those interviewed related that NSC background matter prepared for this meeting has, at times, conflicted with OMB recommendations.

## **6. Informal National Security Process Involvement.**

**A. The Breakfast/Lunch Meeting:** In both the Bush and Clinton Administrations, the Secretaries of Defense and State and the National Security Advisor have held regular consultations over meals. The Cheney-Baker-Scowcroft (or CBS) breakfasts were an almost weekly activity, with formal agendas, preparation memoranda, and post-breakfast taskings. The Albright-Berger-Cohen (ABC) lunches are similar. The agenda is prepared by the NSC staff (in coordination with the staffs of the other participants) and distributed ahead of time. Staffs prepare briefing papers with talking points on those matters in which they have expertise. However, no staff attend the meetings. This guarantees confidentiality and perhaps a more open exchange, as participants cease to represent their bureaucracies and are free to advocate what they deem the best options. Staff depends on feedback from the principals. No memorandums for the record (MFRs) or any other written documentation results from these meetings. Those interviewed related that these events serve as an important function for surfacing and resolving issues quickly, although some acknowledged that feedback is not always timely (See Appendix 4 for process map).

**B. Weekly Foreign Policy Breakfast:** This informal event involves the ABC participants, plus the UN Representative, the DCI, and the CJCS, all of whom are involved in the National Security Council. No staff attend, the gathering has no prepared agenda, and discussions are reportedly far ranging. Occasionally, taskings for staff result from these meetings.

**C. Weekly Deputies Lunches:** These are similar to the Foreign Policy Breakfasts except participants are members of the NSC/DC (In DoD's case, the Deputy Secretary of Defense often attends instead of the USD(P), even though the Deputy Secretary is not part of the NSC/DC).

**D. NSC Staff Meetings:** To better integrate the efforts of the NSC staff and to keep the National Security Advisor and the President informed of emerging issues, the National Security Advisor meets with all NSC Staff Directors twice weekly. During the other three days of the workweek, a smaller group, consisting of the Deputy Assistants to the President for National Security, the Legal Director, and the Public Affairs Director meet.

**E. Annual National Security Meeting:** In the Clinton Administration, the NSC principals and staffs meet once a year to set national security priorities for the next 12 months.

**F. Other informal bodies meetings** include small groups (informal meetings of the NSC/PC or NSC/DC), Core Groups (informal meetings of principals, deputies, others), Steering Groups, and Ad Hoc Groups. Purpose and attendance depends on the topic at hand.

**G. NSC staff members** also act as observers at high level departmental meetings. For example the head of the NSC Defense Policy and Arms Control directorate sits in on the Defense Resource Board (DRB) meetings. His deputy sits in on DoD Program Review Group (PRG) meetings, at the Senior Readiness Oversight Council (SROC), and Senior Steering Group meetings for the Quadrennial Defense Review. Although NSC staff members are only observers, occasionally they will weigh in during these meetings on matter of policy.

**H. National Security Advisor's influence** depends on personality and skills, and how the role is perceived (e.g., as one of coordination or problem resolution). It also depends on how involved the President is in international affairs. In the first Clinton Administration, for example, Anthony Lake's ability to influence national security was limited in part by the fact that the President was focused on his domestic agenda. The ways in which the National Security Advisor interfaces with the President vary according to personality and style. While many have had daily audiences with the President, others have not.

**I. The Implications of the relationship** are perhaps more important than the processes by which the President and the National Security Advisor interface. If the key players enjoy access and considerable influence with the President, the staffs tend to be more influential in the interagency process. At the least, staffs may introduce a certain amount of friction to the process as they maneuver for position, or they may antagonize interagency interlocutors if they insist that only they know the mind of the President.<sup>69</sup> They may also take on more work than can be effectively handled, given the relatively small size. That may mean a constant juggling act and little time for planning or coordination. It can also result in decision packages that do not take advantage of the full range of expertise available in the interagency.

**J. Other Personal Contacts:** Action officers from different divisions and Departments frequently hold informal discussions in a number of different venues to discuss substantive issues. Sometimes these discussions occur as staff members prepare issue papers for their principals in support of the formal process. Sometimes they occur as staffers try to build consensus for proposals or recommendations. Sometimes they occur as sidebars at conferences, meetings, or seminars. Often, the results and agreements are not formally reported, but this sort of networking is an important lubricant for the national security process at large. Participants in seminars and workshops have reported that the experience enabled them to develop contacts that facilitated national security problem solving beyond the immediate meeting.

---

<sup>69</sup> Several of those we interviewed indicated that they saw this as a problem with the current NSC staff. Demonstrating that conclusively will require a more complete stakeholder analysis.

**K. Personality as an Informal Process Driver:** Many national security process participants and observers have concluded that personality figures large in successful policy and strategy making. The willingness of some participants to work closely together (or their unwillingness to do so), their desire to limit the number of people involved in decision making (or their willingness to expand it), and the agendas they have selected to satisfy personal needs, all have an impact on formal and informal processes. To the extent that requirements stemming from personality characteristics can be satisfied within the formal process, participants tend to stay within its confines. When these requirements are not satisfied by formal mechanisms, participants often modify formal processes or develop new, informal ones. Although they sometimes exclude important players, there are numerous indications that informal processes work—sometimes more effectively and expeditiously than formal ones.

## **7. Funding and Personnel.**

**A. Authorizations and Appropriations:** The National Security Council funding is included under authorizations and appropriations for the Executive Office of the President.

**B. Budget:** For FY99 the NSC budget was \$6.8M (this includes \$1M for the President’s Foreign Intelligence Advisory Board). The National Security Advisor position is not funded as part of the NSC, but as part of the White House office.<sup>70</sup>

**C. Manpower:** The NSC staff consists of about 100 professional analysts along with technical and clerical support. As of March 1999, the total number of personnel was 208, a historic high. About 70 percent of the cadre of analysts is composed primarily of upper-level military and CIA officers and State Department personnel on temporary assignment.<sup>71</sup>

## **8. Observations.**

**A.** Interagency coordination during execution will prove critical in the future, as the Nation move into non-traditional national security arenas. The interagency nature of emerging national security threats will require even closer interagency cooperation during mission execution. Most of the interviewees felt that the NSC is absolutely necessary for interagency coordination. Those interviewed said that counterterrorism is a good example of how it should work—there is a process that pulls together the right people from the appropriate Agencies to monitor execution. However, the degree to which the NSC gets involved in operational issues raises a question of congressional oversight. Today there is limited congressional oversight of the NSC. Congress does execute some oversight of NSC by regulating its budget, although up to 70 percent of the current policy staff are currently detailed from other Agencies. Assigning the NSC greater operational responsibility would likely result in calls for more congressional oversight and legislative control. However, the Congressional Research Service has noted that “both in its staff organization and functioning, the NSC is extremely responsive to the preferences and working methods of each President and Administration. It would be difficult to design a uniform NSC

---

<sup>70</sup> Lowenthal and Best.

<sup>71</sup> This information was derived from interviews with the NSC staff as well as from an NSC briefing titled “The National Security Council and the Interagency Process” which was provided by the NSC staff.

structure that would meet the requirements of chief executives who represent a wide range of backgrounds, work styles, and policy agendas.”<sup>72</sup>

**B.** Almost every interviewee acknowledged that the NSC does a credible job developing strategy and policy. There was general consensus, however, that implementation at the interagency level is not well done. Those interviewed said that in the NSC, it is the military people who help most with the execution. One recurring theme was that the NSC organization is not very large (approximately 200 people, including support staff), and there is not a lot of time to monitor implementation of one action while reacting to the next issue.

**C.** Those interviewed related that PDD 56 is a good process, and that to the extent that it has been used, it has helped facilitate a much greater awareness among the key players. However, the process can quickly run into cultural differences between the various participants. Any reorganization of the national security structure and processes will need to be accompanied by a change in the incentive structure. Today, many of the participating organizations have incentive structures that do not reward interagency participation.

**D.** The NSC/PC and NSC/DC members are charged with running their Departments. When they are unable to attend NSC/PC or NSC/DC meetings because of these duties, interviews indicated that there is sometimes a lack of continuity in the process when substitutes attend and do not have the background knowledge to address the issue or accurately reflect their principals’ positions.

**E.** It appears that staff members on the NSC staff have a significant amount of influence through the writing of issue and information papers. They can propose recommendations that can quickly bubble up to the top. The real power base for the NSC staff comes from being close—or being perceived as close—to the President.

**F.** When the IWG or NSC/DC cannot reach consensus on an issue, it tends to languish unless there is some external forcing function. To be effective, process requires more than a good plan. Participants need to have situational awareness with a good sense of pace and forcing functions.

**G.** The Assistant to the President for National Security (or National Security Advisor) must perform a balancing act between two important roles. On the one hand, the National Security Advisor must be an “honest broker” for the NSC process, ensuring that issues are clearly presented to the President and that all reasonable options, together with an analysis of their disadvantages and risks, are brought to the President’s attention. On the other hand, the National Security Advisor must provide his personal advice to the President on national security issues. Although the role of the National Security Advisor is, to a large extent, dependent on the incumbent President, the power of the position has led some to suggest that the National Security Advisor should be Senate-confirmed. However, because the National Security Advisor often fills the role as an important personal advisor to the President, the forced constraints imposed by a statutory National Security Advisor might force the President to look elsewhere for advice and

---

<sup>72</sup> Lowenthal, Mark M., and Best, Richard A., The National Security Council: An Organizational Assessment, Washington, DC: Congressional Research Service, May 12, 1993 (Congressional Research Service Report 93-517F).

could result in another type of unofficial national security advisory mechanism (e.g., Kitchen Cabinet).<sup>73</sup>

**H.** Although the *National Security Strategy* provides broad direction to the various components of the United States Government, there is no broad interagency guidance that directs how the strategy should be implemented. Such guidance does exist for the Department of Defense in the President-approved Contingency Planning Guidance. It may be worth assessing the usefulness of a similar document that would apply across the interagency process.

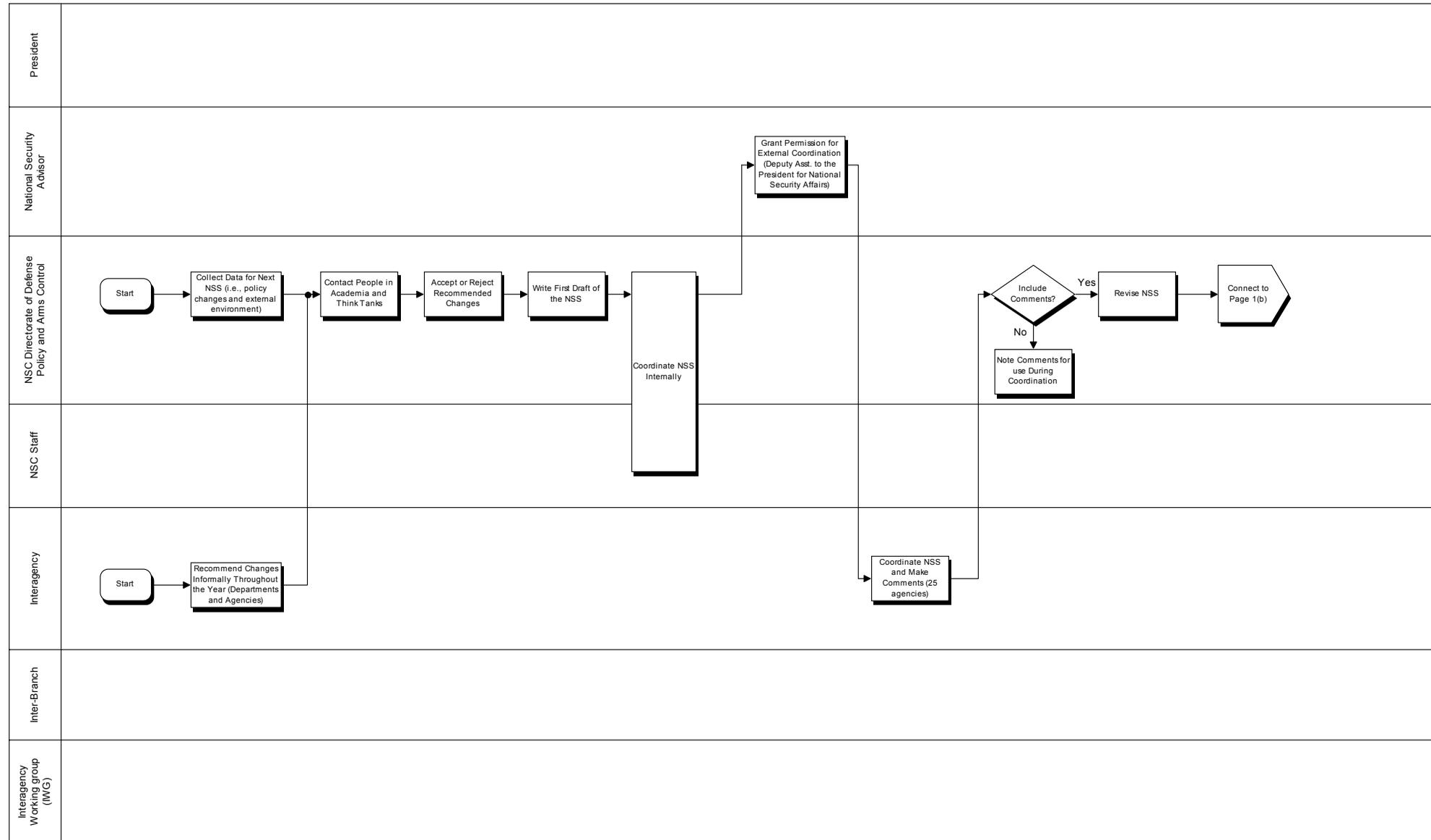
**I.** The relatively small size of the NSC staff, coupled with the immediacy of multiple contingencies, tends to make the NSC process more focused on crisis management than longer-term, strategic issues.

---

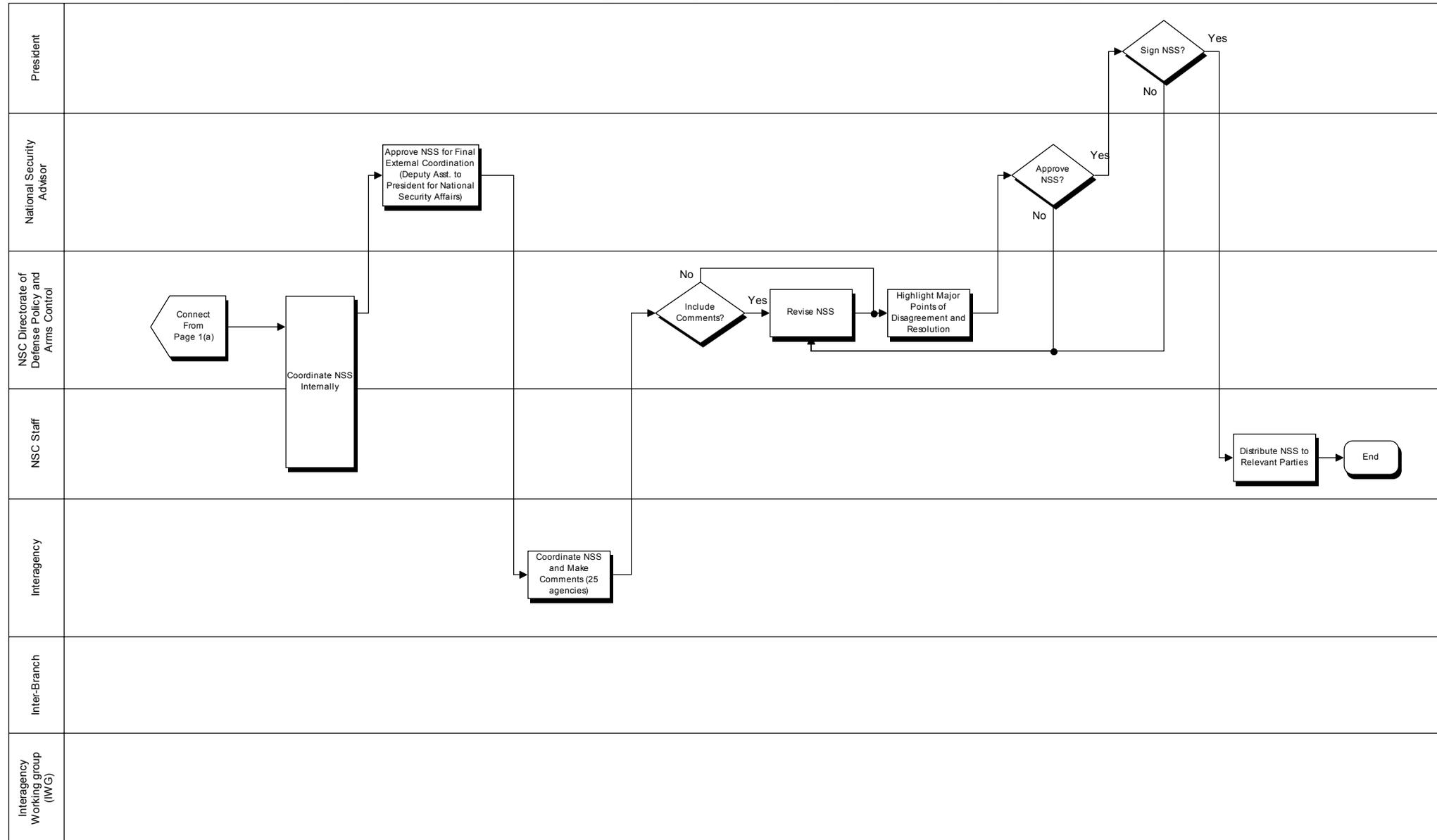
<sup>73</sup> A good discussion on the issue of making the position of National Security Advisor a statutory one can be found in CRS Report to Congress 93-517F, titled "The National Security Council: An Organizational Assessment," by Mark M. Lowenthal and Richard A. Best, Jr.

**APPENDICES**

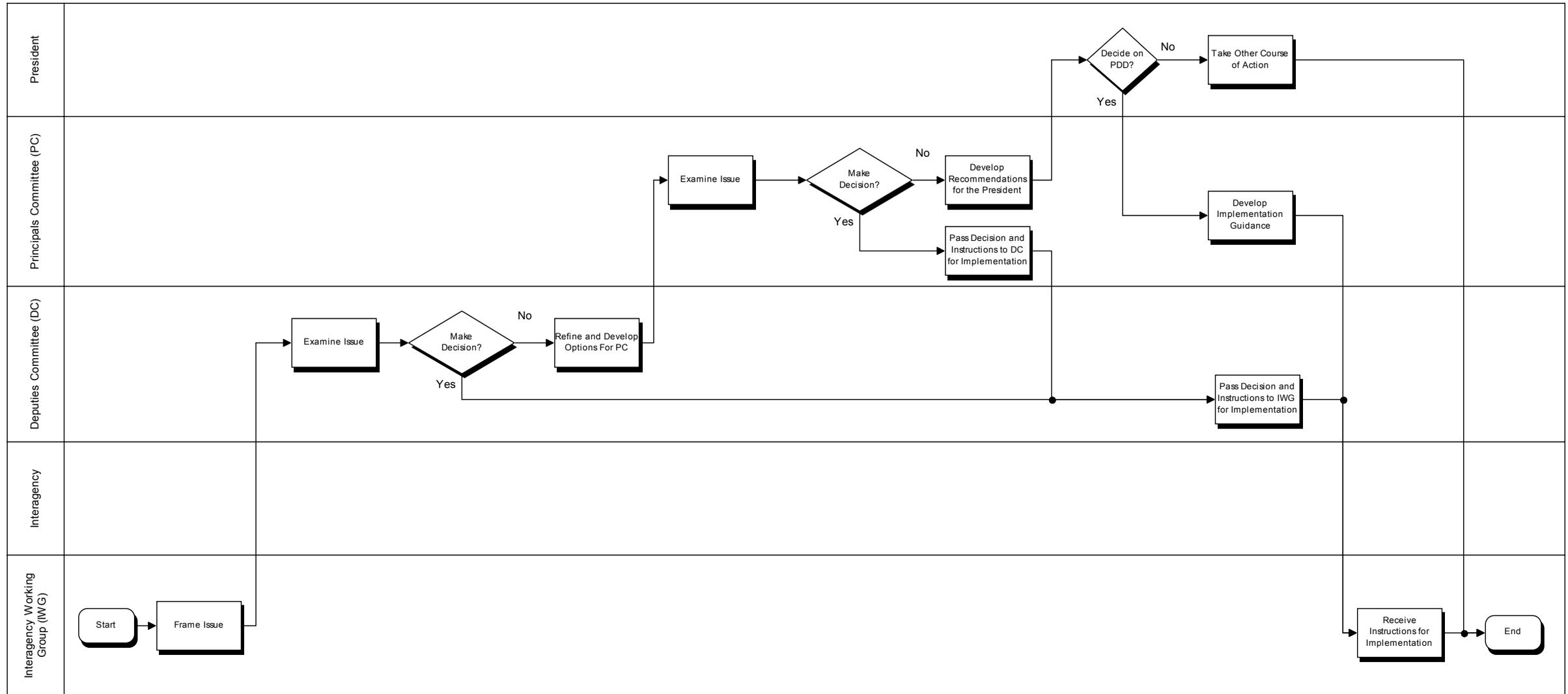
NSC - Key Process - (Formal) - Strategy Development - Develop *National Security Strategy*



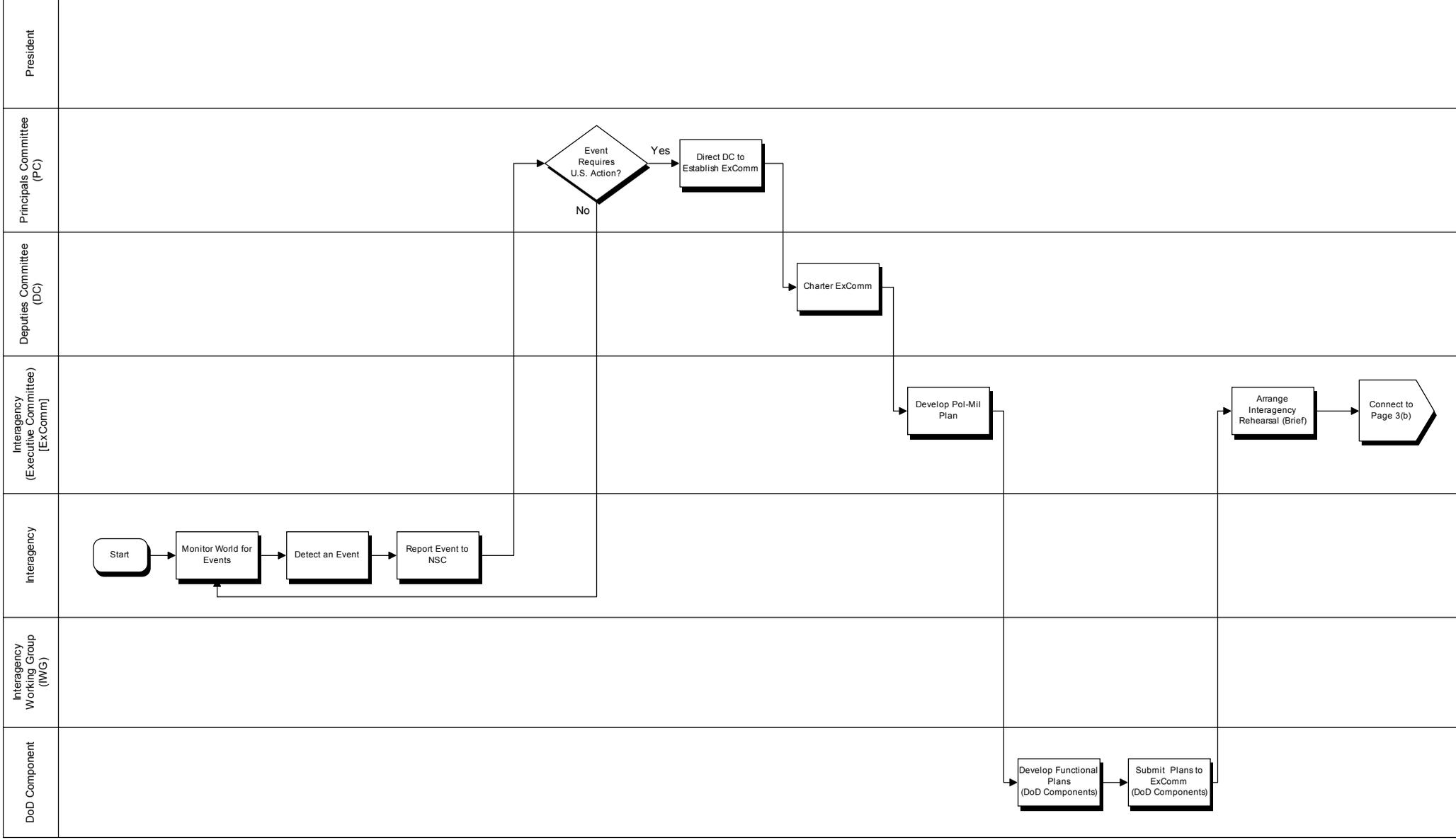
NSC - Key Process - (Formal) - Strategy Development - Develop *National Security Strategy* (continued)



NSC - Key Process - (Formal) - Policy, Guidance, and Regulation – PDD 2



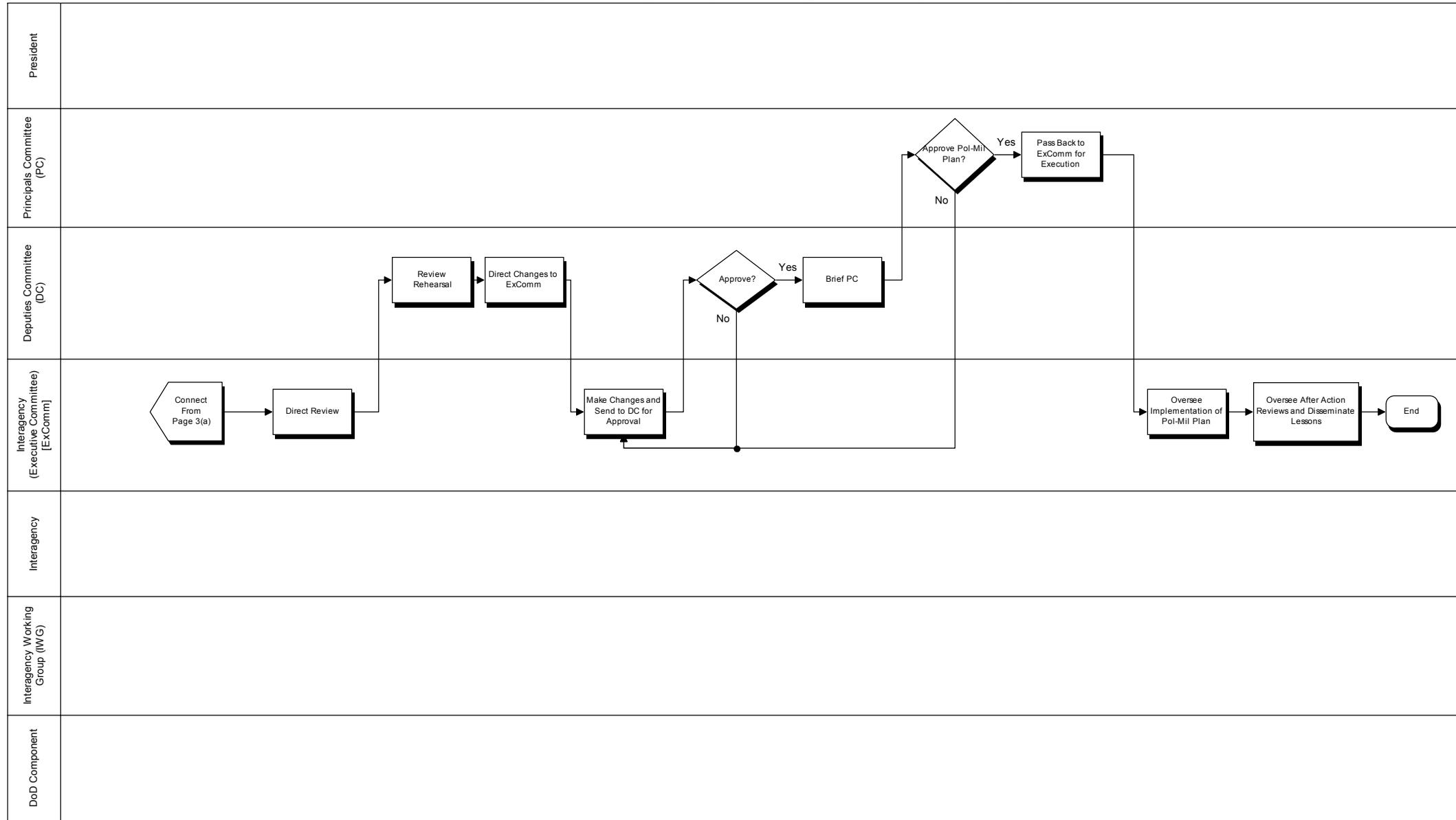
NSC - Key Process - (Formal) - Planning – PDD 56



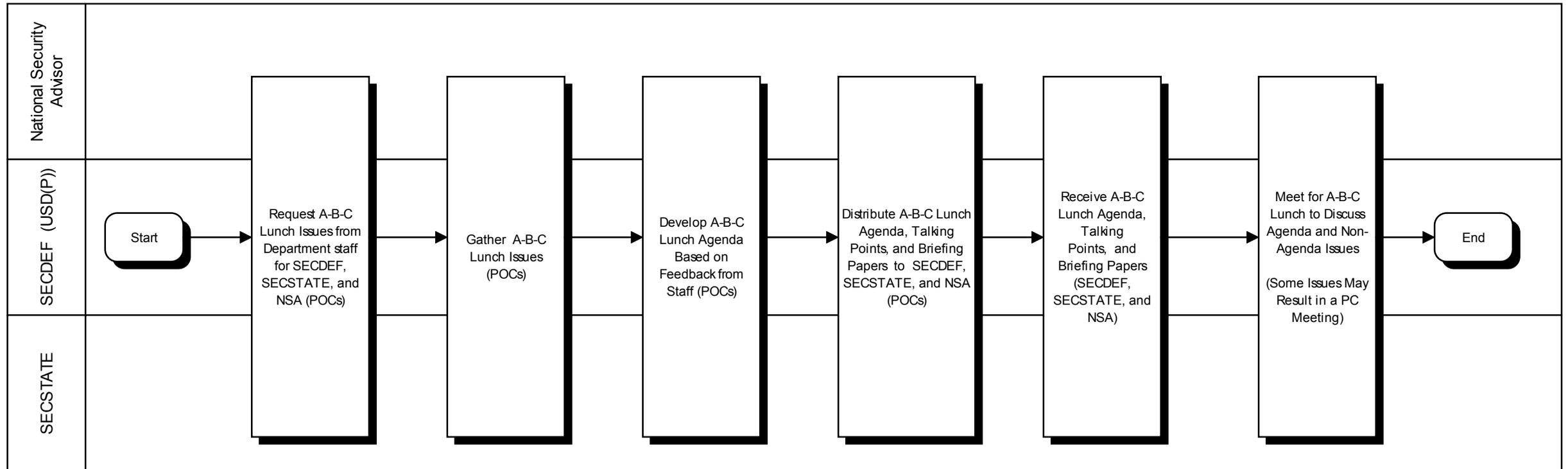
Appendix 3(a)

ExComm - Executive Committee  
 Pol-Mil Plan - Political Military Plan

NSC - Key Process - (Formal) - Planning – PDD 56 (continued)



NSC – Key Process – (Informal) – The Albright-Berger-Cohen (A-B-C) Breakfast/Lunch



A-B-C - Albright-Berger-Cohen  
 PC - Principals Committee  
 POC - Point of Contact

**ORGANIZATIONAL DESCRIPTION**  
**OFFICE OF MANAGEMENT AND BUDGET (OMB)**



*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## **EXECUTIVE SUMMARY**

### **The Office of Management and Budget (OMB)**

#### **Overview**

The President's Budget gives life to national security programs and initiatives. The budget itself, submitted to Congress annually not later than the first Monday in February, is the product of a process that begins nearly a year before. That process involves all Executive Branch Agencies and is often adversarial in nature. The Office of Management and Budget (OMB) is responsible for guiding the budget through the preparation process and tracking it through the Congressional deliberation processes.

In performing its responsibilities, OMB develops and publishes guidance to assist Departments and Agencies in preparing their budget requests. It identifies issues that it will examine in more analytical detail during the process. It reviews Department and Agency budget submissions at several different levels and passes back decisions. And, when a Department or Agency elects to appeal an OMB Director's decision, OMB is involved in the Presidential appeals procedures.

Once the budget has cleared the Executive Branch hurdles, OMB publishes it and OMB leaders testify before Congressional Budget Committees. Throughout the process, OMB staff members maintain contact with Congressional committee staffs and the Congressional Budget Office (CBO) to exchange information, clarify issues, and track the budget as it moves through Congress. OMB also clears legislative proposals and Congressional testimony from Executive Branch Departments and Agencies.

OMB views its role as one of providing advice and assistance to the President on policy, budget, and management matters. It sees itself as an honest broker that accurately represents Department and Agency positions during OMB deliberations, and ensures that Department and Agency budget requests are in line with the President's policies and priorities.

#### **Organization**

OMB, with nearly 520 employees, is the largest office within the Executive Office of the President (EOP). The staff includes political appointees at the upper management levels, but is composed primarily of career civil servants (many of whom began their OMB service in the 1960s and 70s). This combination ensures that the President's political agenda is adequately represented in OMB and that expertise to translate that agenda into viable, adequately funded programs exists within the permanent staff.

Structurally, OMB consists of the Office of the Director; five Resource Management Offices (RMOs) concerned with Department and Agency-specific budget, management, and policy issues; three Statutory Offices concerned with government-wide management issues; and several Support Offices whose services are available across the OMB organization.

Staff members place a premium on analytical objectivity and accurate representation of all sides during budget reviews. Those interviewed also stressed longevity as a key value. OMB

core competencies include policy formulation, management, and providing analysis and advice to the President.

### Role in Formal and Informal National Security Processes

The following chart depicts the relationship of OMB’s activities to the seven key processes identified by the U.S. Commission on National Security/21<sup>st</sup> Century. Although OMB is involved in management initiatives, for the purposes of this study, only its role in budget preparation was examined.

		Strategy Development Policy, Guidance, and Regulations Planning Mission Execution Observation, Orientation, and Oversight Preparation Resourcing						
<b>Products</b>	President's Budget					✓		✓
<b>Roles</b>	Director, OMB	Advisor		✓			✓	✓
		DRB ExSec						✓
		Chair CAIG						✓

**Strategy Development.** No involvement in national security strategy development.

**Policy, Guidance, and Regulation.** The Director of OMB is involved in making policy and providing guidance through his role as a senior Presidential advisor.

**Planning.** No involvement in national security planning.

**Mission Execution.** No involvement in national security mission execution.

**Observation, Orientation, and Oversight.** In providing instructions for budget preparation and in reviewing Department and Agency budget requests, OMB provides orientation and oversight for national security purposes.

**Preparation.** No involvement in national security preparation.

**Resourcing.** The major national security process for OMB is the annual preparation of the President’s Budget. The process begins before the previous budget is submitted and includes issue development; economic assessments; directions to Departments and Agencies for budget preparation; review of budget requests; decisions on which requests to accept, which to reject, and which to modify; participation in the appellate process; preparation of budget documents; review of Department and Agency congressional testimony; and testimony by senior OMB officials before Budget and Appropriations Committees.

The focus for national security issues within OMB is the National Security and International Affairs Resource Management Office (RMO). It is involved in both formal and informal contacts with staffs of the Executive Branch Departments and Agencies, with other activities within the Executive Office of the President, the Congressional Committees (and at the senior levels within OMB with Members of Congress), and the Congressional Budget Office. The informal processes are founded on personal relationships.

## **Observations**

Although the budget preparation process is often adversarial, OMB manages it effectively. The organization ensures that the President's policies and priorities are reflected in Department and Agency budget requests, and, when necessary, it explains policies and priorities to Executive Branch organizations.

The Resource Management Offices and their budget examiners focus on specific Departments and Agencies. While crosscutting assessments are possible, they usually occur at division and RMO level, rather than at the examiner level. Based on interviews, OMB staff recognizes that in the post-Cold War security environment, effective national security involves more than the Department of Defense. However, internal OMB processes to take integrated looks across organizations within functional areas are still evolving.

## ORGANIZATIONAL DESCRIPTION

### The Office Of Management And Budget (OMB)

#### 1. Legal Specifications, Authorizations, and Responsibilities.

##### A. Authorizing Statutes:<sup>1</sup>

**(1) Budget and Accounting Act of 1921.**<sup>2</sup> This Act established the Bureau of the Budget (BOB) to which the Office of Management and Budget (OMB) is the successor organization. The Act authorized BOB to conduct studies within Executive Branch activities, and this forms the basis for the assessments conducted by OMB today. The Act also changed government budgeting procedures from submissions by individual Departments and Agencies directly to Congress, to a single Executive Branch Budget. As amended, the Act is the basis for budget submissions and provides direction on budget content.

**(2) The Reorganization Plan of 1939.** This plan transferred BOB, which was originally organized within the Treasury Department, to the Executive Office of the President (EOP). In his message that accompanied the request for this legislation, President Franklin Roosevelt noted that the purpose of the transfer was to facilitate its “coordinating activities and its research and investigational activities.”<sup>3</sup>

**(3) Section 1303.3 (as amended) Title 5 U.S.C.** describes the OMB organization.<sup>4</sup>

**(4) Section 501- 506 (as amended) Title 31, U.S.C.** describes the organization, specifies the number of OMB officers and their duties, and establishes the Office of Federal Financial Management, one of three statutory offices within OMB.<sup>5</sup>

**(5) Section 1104, Title 31 U.S.C.** requires the President to prepare and submit budgets for the United States Government.

**(6) Section 1105, Title 31 U.S.C. (as amended)** prescribes the information that the President will include with his budget (including estimates) and directs the President to submit the budget “on or after the first Monday in January but not later than the first Monday in February of each year.”

**(7) Section 1108, Title 31 U.S.C.** prescribes the responsibilities of the heads of Departments and Agencies of the U.S. Government in preparing and submitting budgets and empowers the President to change Agency requests.

---

<sup>1</sup> OMB notes in its strategic plan that it operates in accordance with the provisions of “more than 200 statutory provisions.” Only the most significant are noted here.

<sup>2</sup> Until passage of this Act, there was no all-inclusive budget or integrated budget preparation system—nor was there a Constitutional requirement for the President to submit a budget. (See CRS Report 98-721GOV)

<sup>3</sup> Title 5 U.S.C. Appendix 1.

<sup>4</sup> Federal Register, Vol 63, No. 80, April 27, 1998, p. 20514.

<sup>5</sup> The other two are the Office of Federal Procurement Policy and the Office of Information and Regulatory Affairs.

**(8) Other Statutes.** By its account, OMB operates pursuant to “more than 200 statutory provisions.” These include:

- (a) The Budget and Accounting Act;
- (b) The Budget Enforcement Act;
- (c) The Antideficiency Act;
- (d) The Balanced Budget Act of 1997;
- (e) The Impoundment Control Act;
- (f) The Chief Financial Officers Act;
- (g) The Government Performance and Results Act;
- (h) The Government Management Reform Act;
- (i) The Federal Acquisition Streamlining Act;
- (j) The Office of Federal Procurement Policy Act;
- (k) The Clinger-Cohen Act; and,
- (l) The Federal Credit Reform Act.

#### **B. Executive Orders:**

**(1) Executive Order 8248 (September 8, 1939).** Pursuant to the Reorganization Plan, this Executive Order (EO) establishes the Executive Office of the President and formally establishes BOB as a “principal division.” As subsequently amended, this EO defines OMB responsibilities as “(1) preparation and administration of the budget and improvement of administrative management and organization, and (2) planning for conservation and utilization of [national] resources.”

**(2) Executive Order 11541, July 1970.** This EO, based on Reorganization Plan No. 2 of 1970, officially established OMB as the successor to BOB and enlarged that portion of the organization concerned with management. In his message to Congress that accompanied Reorganization Plan No. 2, President Nixon noted that the change was fundamental and reflected “the broader management needs of the Office of the President.” He further stipulated that OMB would emphasize fiscal analysis and “evaluation of program performance . . . assessing the extent to which programs are actually achieving their intended results.”<sup>6</sup>

**C. Interagency Directives:** Various directives give OMB a role in the following interagency activities:<sup>7</sup>

---

<sup>6</sup> Title 5, U.S.C., Appendix 1.

<sup>7</sup> Provided by OMB.

- (1) Accounting and Auditing Policy Committee;
- (2) Budget Officers Advisory Council;
- (3) Chief Financial Officers Council;
- (4) Chief Information Officers Council;
- (5) Electronic Processes Initiatives Committee;
- (6) Encryption Task Force;
- (7) Executive Council on Integrity and Efficiency;
- (8) Federal Accounting Standards Advisory Board;
- (9) Federal Acquisition Regulation Council;
- (10) Federal Credit Policy Working Group;
- (11) Federal Procurement Council;
- (12) Government Information Technology Services Board;
- (13) Information Technology Resources Board;
- (14) Interagency Council on Administrative Management;
- (15) Joint Financial Management Improvement Program;
- (16) National Partnership Council;
- (17) President's Council on Integrity and Efficiency;
- (18) President's Management Council;
- (19) Regulatory Working Group; and,
- (20) SBREFA Small Business Panels.

These activities are not directly related to national security as that term is defined for this project. However, officials from traditional national security activities (e.g., Department of Defense, Department of State, etc.) are often part of these interagency groups. For example, the

Under Secretary of Defense (Comptroller) participates on the Chief Financial Officer Council (number three in the above list).<sup>8</sup>

## **2. Missions/Functions/Purposes.**

**A. Major Responsibilities.** OMB provides advice to the President on the best uses of government resources to support Administration policies. To that end, it assists the President:

(1) By developing and promulgating Executive Branch policy “relating to expenditures and receipts, regulations, information and legislation,” with particular emphasis on policies related to “procurement, financial management, information and regulation” [Key Process Relation: Observation, Orientation, and Oversight; Resourcing];

(2) By facilitating effective management of the Executive Branch of Government, especially with respect to resource decisions, improved program and administrative management, and development of performance measures [Key Process Relation: Observation, Orientation, and Oversight; Resourcing]; and

(3) By providing analysis and advice across a spectrum of fiscal and managerial requirements, including development and assessment of alternatives [Key Process Relation: Observation, Orientation, and Oversight; Resourcing].<sup>9</sup>

As it performs these primary missions, OMB also:

(1) Assesses programs to ensure they correspond to the President’s policies;

(2) Identifies and, to the extent possible, adjudicates between competing demands for resources within the Executive Branch;

(3) Recommends priorities;

(4) Develops and assesses alternatives;

(5) Reviews Congressional testimony and reports to ensure they do not contravene the President’s policies and priorities; and,

(6) Manages the “coordination and integration of policies for cross-cutting interagency programs.”<sup>10</sup>

**B. Subordinate Agencies and Activities:** None

**C. Major Products:** OMB is responsible for overseeing Executive Branch Departments and Agencies in preparation of the President’s Budget.<sup>11</sup> As part of this process, OMB conducts

---

<sup>8</sup> The 1990 Chief Financial Officers Act established stringent management criteria for Executive Branch Departments and Agencies, including the requirement to appoint a Chief Financial Officer and time lines for receiving unqualified financial audits.

<sup>9</sup> OMB. Strategic Plan, FY1998 – FY2003. Washington, D.C.: September 30, 1997.

<sup>10</sup> OMB. Strategic Plan, FY1998 – FY2003. Washington, D.C.: September 30, 1997.

assessments and analysis of significant issues, including long range trends in demographics and economics. It also provides spending, taxation, and regulation policy recommendations.

### 3. Vision and Core Competencies.

**A. Vision:** There is no formal vision statement. However, those interviewed indicated that OMB views its prime purpose as one of providing advice and assistance to the President. This is consistent with the OMB strategy and with what outside observers have noted.<sup>12</sup> OMB perceives itself as an “honest broker” that fairly and accurately represents the positions of the Departments and Agencies in resource decision making, while simultaneously ensuring that budget submissions are consistent with the President’s policies, regardless of who occupies the White House. According to one senior official, OMB sees itself as a “non-political clearing house” that resolves inconsistencies between Department and Agency budgets and Presidential priorities, regardless of which political party holds the White House.

**B. Core Competencies:** Based on its mission statement and interviews, OMB’s core competencies include:

- (1) Policy formulation;
- (2) Management; and
- (3) Providing analysis and advice for the President.<sup>13</sup>

**4. Organizational Culture.** Organizational culture consists of values, beliefs, and norms that signal how work is done and how employees relate to each other and to outsiders. Generally, OMB culture centers on the premise that the organization serves the President in a non-partisan fashion to ensure that Executive Branch budgets reflect Presidential priorities and policies. This culture supports the organization’s primary function as identified in its strategic plan: “OMB advocates the appropriate allocation and effective utilization of government resources.”<sup>14</sup>

**A. Values:** OMB places a premium on analytical objectivity and accurate representation of all sides in providing advice and assistance to the President for resource decision making and resource allocation. Staff is encouraged to objectively analyze and assess issues related to their areas of expertise. When inconsistencies are identified between Department and Agency resource requests and the President’s policies, OMB encourages its staff to remain neutral and to dispassionately present all positions to decision makers. Objectivity is also encouraged in budget scoring and in managing budget execution. Length of service and the ability to provide

---

<sup>11</sup> According to the Congressional Research Service, The President’s Budget (officially the Budget of the United States Government) includes estimates of revenues, spending, borrowing, debt; policy and legislative recommendations. Estimates of Federal Agency and programs financial operations, economic performance data, and other supporting information. The budget submitted to Congress not later than the first Monday in February each year for the fiscal year beginning the following October first. Budget preparation begins about one year prior to the date that it is submitted to Congress. See the section entitled Budget Preparation and Deliberation for a description of this process. (See CRS Report Number 98-721 GOV)

<sup>12</sup> See Tomkin, Shelley Lynn. Inside OMB: Politics and Process in the President’s Budget Office. Armonk, N.Y.: M.E. Sharpe, 1998, p. 13. (hereafter cited as Tomkin). and OMB. Strategic Plan, FY1998-FY2003. Washington, D.C.: September 30, 1997.

<sup>13</sup> OMB. Strategic Plan, FY1998-FY2003. Washington, D.C.: September 30, 1997.

<sup>14</sup> OMB. Strategic Plan, FY1998-FY2003. Washington, D.C.: September 30, 1997.

continuity across Administrations are also key values. Because Departments and Agencies are not present during many of the budget review sessions (e.g., the Director's Review), OMB staff take seriously their responsibilities to accurately represent their interests.

**B. Leadership Traditions:** Like most Executive Branch Departments and Agencies, OMB's top leadership is appointed by the President, usually from a slate of candidates who are not on the OMB staff. These appointments include the Director, his/her deputies, the five program associate directors (PADs), and other members of the staff (e.g., Legislative Affairs employees). Directors, deputies, and PADs sometimes serve for a full Administration; however, they frequently depart prior to that point. For example, one OMB expert calculated that PADs remain an average of 18 months, or less than two budget preparation cycles.<sup>15</sup> This relatively rapid turn over increases the importance of the career staff, who constitute the bulk of OMB's employees and the organization's institutional memory.

**C. Staff Attributes:** Division chiefs, branch chiefs, and program examiners constitute the heart of the OMB staff. They are all career civil servants and division and branch chiefs are most frequently individuals who began as program examiners and rose "through the ranks." Many have years of service in OMB. Several of those interviewed began work at OMB when Nixon was President. Longevity is clearly a matter of pride among staff, and it provides valuable institutional memory. Those interviewed repeatedly invoked institutional memory when discussing examples, using words to the effect that "the Reagan Administration wanted to do it this way, but we knew that Nixon tried that and it didn't work because. . ."

Professional staff are proficient analysts. The program examiners—who perform the bulk of OMB's work in budget preparation and are much more than accountants—generally are functionally proficient and responsible for either Agency or subject matter areas specific to one Executive Branch Department. Some examiners may deal with more than one program within the same Department and some may deal with more than one Agency. A few examiners are involved in functional assessments that cut across two or more Departments and Agencies, although crosscutting examinations and integration occurs more often at the division or Resource Management Office (RMO) level. For example, the Department of Defense and the Department of State have separate sets of examiners, but fall under the same RMO (National Security and International Affairs).

Program examiners must be capable of gathering information from internal sources and from the Departments and Agencies for which they are responsible. One OMB examiner noted that an examiner's "job is to know what is going on in his Agency all of the time." Accomplishing that requirement puts a premium on informal staff-to-staff contacts. Longevity may be an important factor in these contacts as well since examiners will most likely deal with the same career civil servants budget cycle after budget cycle.

Examiners also must be able to relate Presidential policies and priorities to specific programs in the areas for which they have responsibility, and explain those policies to the Departments and Agencies. For example, they must be able to determine whether (and how) a DoD weapons system accomplishes Administration objectives, or is consistent with Administration policies regarding the employment of forces. If a program does not satisfy policy

---

<sup>15</sup> Tomkin, p. 18.

requirements, examiners must be able to defend their assessments to Department officials and present findings (together with Department objections) during reviews.

Program examiners also must be able to conduct thorough, objective analyses. This means they must be able to frame questions correctly, select appropriate metrics, match issues against metrics, and describe the results. They must be able to do this as part of the budget process and in response to requests from the White House. Included in this requirement is the ability to communicate analytical results to decision makers and to stakeholders.

As noted elsewhere, resource allocation procedures are almost always adversarial in nature. OMB staff members must be capable of operating objectively in the often rough and tumble deliberations concerning budget shares, maintaining effective formal and informal relationships throughout.

**D. Strategy:** Pursuant to the Government Performance and Results Act, OMB has a strategic plan that outlines four goals:<sup>16</sup>

(1) “Recommend to the President spending, regulatory, tax, and other policies that fulfill the President’s policy goals and promote sustainable economic growth.”

(2) “Provide management leadership to ensure faithful execution of the enacted budget, programs, regulations and policies.”

(3) “Assist the President by providing analysis and advice on critical longer-range demographic, fiscal, and economic trends, and on other significant issues.”

(4) “Improve OMB’s means for accomplishing work, including development and use of its human resources and information systems.”<sup>17</sup>

It has established a series of objectives for each goal, and linked the objectives to means and strategies and external factors such as spending and revenue projections, timeliness of Congressional action, and the roles and effectiveness of Executive Department activities. Others have accepted the OMB strategy as an effective description of its objectives and goals. Government Accounting Office (GAO) noted that the “clear and specific description” of some OMB strategies and objectives “could serve as models.”<sup>18</sup>

---

<sup>16</sup> According to GAO Congressional testimony, the Government Performance and Results Act “is intended to improve the efficiency and effectiveness of Federal programs by establishing a system to set goals for program performance and to measure results.” Statement of Paul L. Posner and J. Christopher Mihm, October 6, 1997 before the House Subcommittee on Government Management, Information, and Technology. (Hereafter Posner and Mihm)

<sup>17</sup> OMB. Strategic Plan, FY1998-FY2003. Washington, D.C: September 30, 1997.

<sup>18</sup> Posner and Mihm.

E. Organizational Structure:<sup>19</sup>

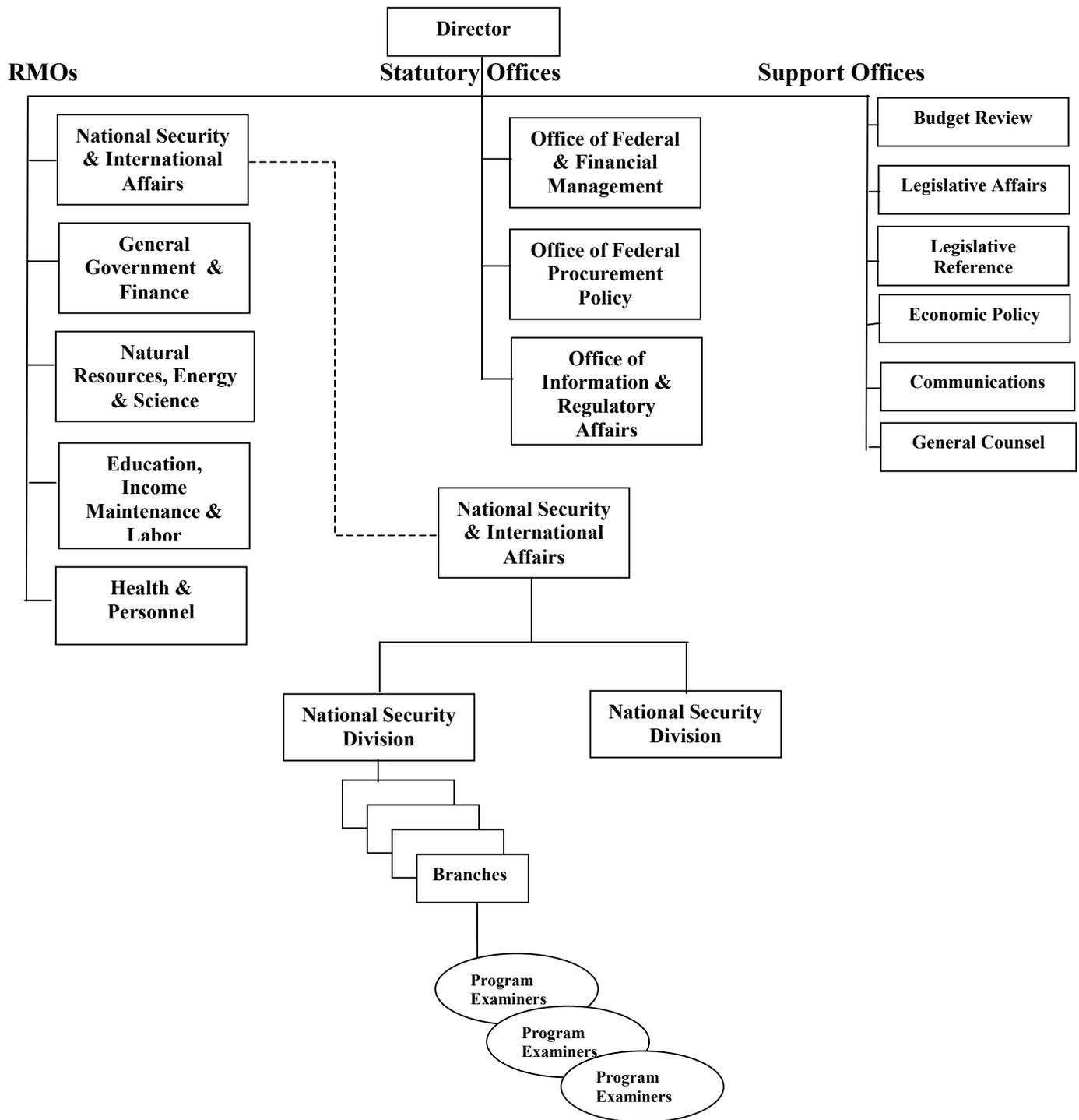


Figure 1. Organizational Structure

<sup>19</sup> Federal Register, Vol 63, No. 80, April 27, 1998, p. 20514; Federal Organization Charts, Carroll Publishing, 1999; Tomkin, p.10; and interviews with OMB personnel.

(1) Like most Executive Branch activities, OMB is a composite of political appointees who change with Administrations (if not before) and career civil servants who provide subject matter, process, and procedure expertise as well as institutional memory. OMB is headed by a Director, assisted by a Deputy Director and a Deputy Director for Management, who are appointed by the President. Senator John Glenn once dubbed the Director the “second most powerful job in government,” a tribute to the influence that comes with controlling the resource allocation process.<sup>20</sup> The organization is divided into Resource Management Offices that advise and assist the President in budget preparation and special assessments; Statutory Offices created by law for specific purposes; and Support Offices.

(2) The RMOs are functional organizations that were created as part of a major OMB reorganization in 1994 (OMB 2000). RMOs replaced Program Area Divisions in an attempt to integrate budget, policy, and management responsibilities. In this reorganization, Agency-specific management responsibilities were reassigned from the statutory offices to the RMOs. The theory behind integration of management and budget activities was that both OMB and Department and Agencies were more likely to focus on management issues if those issues were clearly associated with the budget.<sup>21</sup> The effectiveness of this attempt to integrate functions has not been thoroughly assessed at this point; however, some observers believe that the pressures of budget preparation often monopolize examiners’ time.<sup>22</sup>

(3) Each RMO has responsibility for a number of Departments and Agencies. The National Security and International Affairs RMO has responsibility for Department of Defense, Department of Energy nuclear-related programs, and the Department of State and related Agencies. General Government and Finance has responsibility for the Departments of Commerce, Justice, Housing and Urban Development, Transportation, and Treasury, as well as Federal financial institutions and the General Services Administration. Natural Resources, Energy, and Science has responsibility for Executive Branch programs and activities responsible for these functions such as the Department of Energy (DoE) (less nuclear programs). Education, Maintenance, and Labor has responsibility for the Departments of Labor and Education and related Agencies. Health and Personnel is responsible for the Department of Veterans Affairs, the Office of Personnel Management, the Executive Office of the President, and the Postal Service.<sup>23</sup> These divisions generally—but not exactly—parallel the subcommittee divisions in Congressional Appropriations Committees. (See sections of the report entitled The House Appropriations Committee and The Senate Appropriations Committee.)

(4) RMO’s are headed by a Presidentially-appointed Program Associate Director (PAD). The RMOs have “integrated responsibilities for examining Agency management, budget and policy issues.”<sup>24</sup> Their participation in the national security process centers on resource allocation (or budget preparation). In this role, the RMOs are responsible for reviewing “the budgets and legislative proposals of several Cabinet-level Departments and/or independent

---

<sup>20</sup> Tomkin, p. 26.

<sup>21</sup> Testimony of L. Nye Stevens, GAO, before the House Subcommittee on Government Management, February 7, 1996. (Hereafter Stevens)

<sup>22</sup> See, for example, Stevens and Tomkin. Although RMO staff members have responsibility for oversight of management reform implementation, budget preparation often monopolizes their time.

<sup>23</sup> GAO. Office of Management and Budget: Changes Resulting From the OMB 2000 Reorganization. Report Number GGD/AIMD-96-50. Washington, D.C.: GAO, December 29, 1995.

<sup>24</sup> Posner and Mihm.

Agencies.”<sup>25</sup> In order to do that for national security requirements, the National Security and International Affairs division is divided into the National Security and International Affairs sub-divisions, headed by Deputy Associate Directors (DADs). The divisions are further de-aggregated into branches, each of which consists of a number of program examiners. Divisions and branches are also functionally organized, and program examiners tend to focus on specific organizations and programs. Integration or crosscutting reviews are possible beginning at the branch level. DADs, branch chiefs, and program examiners are career civil servants.

**(5)** At present, the National Security Division is responsible for the Department of Defense and Energy Department nuclear programs, while the International Affairs division deals with Department of State and related Agencies. Those interviewed indicated that there is an evolution within OMB to change this approach so that National Security will be more inclusive. They acknowledged that the current approach is a holdover from the Cold War, and that national security means more than Defense and Energy nuclear programs. While there has been some movement in this direction, OMB officials emphasized that the change will occur slowly.

**(6)** The statutory offices support the RMOs for management and policy issues. They are responsible for various aspects of government-wide management improvement initiatives, including developing and coordinating management policies, regulations, and processes.<sup>26</sup>

**(7)** The support offices provide services across the organization.

**(a)** The Budget Review Division (BRD) coordinates the budget process across the Executive Branch. It receives budget requests from Departments and Agencies, tracks them, and prepares the President’s Budget. Subdivisions conduct economic and fiscal analysis that influence economic forecasts produced by other subdivisions; track appropriations once the budget has been submitted to Congress; and operate the computer systems that prepare the budget and track Congressional budget activity. The BRD does not make policy, but serves as the scorekeeper for the Executive Branch, matching Executive Branch Requests with Congressional action. In fulfilling this role, the BRD interacts with the staffs of Congressional budget committees and the Congressional Budget Office (CBO) in order to acquire information. Those interviewed indicated that, in its dealings with Congress, the BRD does not advocate.

**(b)** The Legislative Affairs Division, staffed by non-career appointees, is responsible for OMB-Congressional relations.

**(c)** The Legislative Reference Division reviews Department and Agency legislative proposals and Congressional testimony to ensure they are in line with Administration policy and priorities; provides advice to the President after legislation has passed both houses of Congress but before it is signed into law; and assists the President in preparing legislative programs and initiatives. The division also clears testimony by Executive Branch officials to ensure that it corresponds to the President’s policies.

---

<sup>25</sup> Tomkin, p. 14.

<sup>26</sup> Posner and Mihm

(d) The Economic Policy Office creates models for developing and evaluating economic forecasts and assumptions and assists in conducting crosscutting assessments.

(e) The Communications Office provides public affairs support.

(f) The General Counsel provides legal support.

**5. Formal National Security Process Involvement.**

		Strategy Development	Policy, Guidance, and Regulations	Planning	Mission Execution	Observation, Orientation, and Oversight	Preparation	Resourcing
<b>Products</b>	President's Budget					✓		✓
<b>Roles</b>	Director, OMB	Advisor	✓			✓		✓
		DRB ExSec						✓
		Chair CAIG						✓

**A. Strategy Development:** OMB is not involved in national security strategy development.

**B. Policy, Guidance, and Regulation:**

(1) **Major Activities:** OMB is not involved in Policy, Guidance, and Regulation from a national security standpoint. However, the Director of OMB, as a trusted advisor to the President, is involved in crafting Administration policy. There is no formal process for this role. OMB staff assists the Director in this role by providing information and conducting analyses. One of the most important forms of support that OMB staff provide to this process is its ability to provide information on what has been tried before and why it worked or did not work. Since most of the senior OMB positions are filled by political appointees who often have not served in the Executive Branch previously—or at least not in OMB—the ability to provide “institutional memory” is significant.

(2) **Major Stakeholders:** The Executive Office of the President and the Executive Branch Departments and Agencies.

(3) **Key Organizational Processes:** None.

(4) **Associated Higher-Level Processes:** Construction of the President’s legislative program.

(5) **Associated Lower-Level Processes:** Varies according to the issue for which the Director’s advice is sought.

**C. Planning:** OMB is not involved in national security planning.

**D. Mission Execution:** OMB is not involved in national security mission execution.

**E. Observation, Orientation, and Oversight and Resourcing:** OMB is involved in Observation, Orientation, and Oversight and Resourcing key processes through its involvement in budget preparation. (See Appendix 1 for process map)

**(1) Major Activities:** OMB oversees preparation of the President’s Budget. The Budget Act of 1921 requires the President to submit an annual budget for the Executive Branch.<sup>27</sup> This Act also created the Bureau of the Budget—which subsequently became OMB—to assist the President in budget preparation. Essentially, Executive Branch Departments and Agencies prepare budget requests in accordance with OMB guidance that may originate with the President. Departments and Agencies then submit these requests to OMB for review in accordance with an OMB schedule. Reviews are multi-phased procedures that begin with OMB hearings and end with Presidential decisions on Department and Agency appeals. Upon completion of the review process, the actual budget is prepared and forwarded to Congress.

The forcing function for budget preparation is the legislative requirement for the President’s Budget to reach Congress not later than the first Monday in February each year.<sup>28</sup> Other dates during preparation may vary depending on circumstances. Although differing somewhat, depending on the Department (e.g., the method by which hearings on Department budget requests are conducted), the overall preparation process is essentially the same across the Executive Branch. This annual 10-month budget preparation process may be summarized in terms of months:<sup>29</sup>

- (a) January to March.** . . . President establishes general guidance.
- (b) March to May.** . . . . . OMB develops significant issues.
- (c) June.** . . . . . OMB provides preparation guidance.
- (d) June to September.** . . . Departments and Agencies prepare budget requests.
- (e) September.** . . . . . Departments and Agencies submit budget requests.
- (f) September-October.** . . . OMB hearings and issue development.
- (g) October-November.** . . . OMB Director’s review and passbacks.
- (h) November-December.** . . Appeals and Presidential Decisions

---

<sup>27</sup> Prior to 1921, each Executive Branch Department and Agency submitted a separate budget request to Congress.

<sup>28</sup> Section 1105, Title 31 U.S.C.

<sup>29</sup> Tomkin and The White House. The Budget System and Concepts: Fiscal Year 2000. Washington D.C.: Government Printing Office, 1999; and, interviews with OMB and DoD officials.

**(i) December-January . . . . .**Budget prepared and approved.

**(j) January-February. . . . .**Budget submitted to Congress.<sup>30</sup>

It is important to note at the outset that these timeframes often change and are often not met. An independent study noted that the schedule has rarely been adhered to in the last fifteen years.<sup>31</sup>

For example, although the President's Budget should be submitted to Congress not later than the first Monday in February, it sometimes arrives later. When Administrations change, for instance, the new Administration usually does not submit its budget until later in the spring, and Congress does not object to this. Also, while OMB should provide budget preparation guidance by June for the budget to be submitted the following February, formal guidance sometimes is not provided until much later, according to DoD officials.<sup>32</sup>

Sometimes formal Presidential guidance is it is not provided at all. During the Bush Administration, there was generally no presidential preparation guidance.<sup>33</sup> When this occurs, Departments use informal channels to determine a funding range for use in budget preparation. While acknowledging deviations, the schedule outlined above provides structure for further discussions below.

**(a) January to March.** The President, assisted by his political and economic advisors, develops broad policy to guide budget preparation. The Director of OMB participates in this process in his role as Presidential advisor. (Many OMB directors have excellent access to the President and are able to exert considerable influence on his policies.) Based on these guidelines (which generally address national security requirements), OMB develops more specific guidance for Departments and Agencies to use in preparing budget requests.

**(b) March to May.** During this period, OMB analyzes the Administration's goals and policies in light of changes in the strategic and political environments and the Administration's success in obtaining funds for critical programs in the budget currently being executed (i.e., the budget that went into effect on 1 October of the previous year).<sup>34</sup> This review includes programmatic initiatives, as well as Government Performance Reform Act initiatives and additional Presidential guidance. As part of the review, OMB identifies issues that

---

<sup>30</sup> This time table reflects only budget preparation. Once the budget is submitted, OMB tracks it through Congress and senior OMB officials testify during Congressional hearings. See also sections entitled The House Budget Committee and The Senate Budget Committee.

<sup>31</sup> Schick, Allen. The Federal Budget: Politics, Policy, and Process. Washington: D.C.: The Brookings Institution, 1995, p.41. (Hereafter Schick)

<sup>32</sup> Interviews with personnel in the Directorate of Program Analysis and Evaluation, which prepares a portion of the guidance used by DoD components to prepare their budgets.

<sup>33</sup> Schick, p. 43.

<sup>34</sup> When viewing the preparation cycle, it is important to keep in mind that it begins almost 18 months prior to the fiscal year for which the budget will be executed. For example, issues developed during the March-May timeframe in 2000 are for the budget that will be executed beginning on October 1, 2001 (Fiscal Year 2002). Commission proposals that will require resources may be without them for as much as two years before the applicable budget is executed.

require further investigation. These issues may pertain to one Department or Agency, or they may be crosscutting.

While OMB conducts its review, Departments and Agencies prepare budget request drafts. These are based on internal Department and Agency guidance. For example, the Department of Defense usually publishes the Defense Planning Guidance (DPG) and DoD Fiscal Guidance (FG) during this period, and the Military Services use this information to craft proposed budgets, known as Program Objective Memorandum (POM). (See sections entitled The Under Secretary of Defense (Policy) and the Programs Analysis and Evaluation Directorate for a more robust discussion of DoD resourcing.) Preparation start points vary, depending on Department tradition and culture, the size of the budget, and Department's budget approval processes. According to OMB officials, for example, despite the size and complexity of its budget, DoD is among the most proficient in preparing budget requests because it has a long-range planning culture and an approval system that is widely understood.

Technical preparation of Department and Agency budget requests is in accordance with the provisions of OMB Circular A-11. This document—a kind of “how-to” manual—contains detailed preparation instructions and lists of supporting materials. The present version was released on July 12, 1999 and is divided into three parts:

(i) The first part deals with preparing budget requests and related information;

(ii) The second deals with preparation of Department and Agency strategic plans, performance plans, and performance reports in accordance with GPRA requirements; and,

(iii) The third deals with acquiring capital assets.<sup>35</sup>

The Circular places special emphasis on linking planning with performance measures and budget requirements during the preparation process.

**(c) June.** OMB provides detailed guidance to Departments and Agencies for budget request preparation. This is not a collaborative process; OMB produces this guidance without Department and Agency input or coordination.

**(d) June-September.** Based on its March-June review, OMB examiners develop lists of issues to be analyzed and reviewed during later stages of budget preparation. The OMB staff also engages in continual information exchanges, most often between OMB's program examiners and Department and Agency officials responsible for programming and budgeting.

During the summer, Executive Branch activities prepare their budget requests using OMB and Department/Agency guidance. Often, there are mid-session reviews with OMB in which top lines, economic assumptions, and guidance may be changed. However, in most cases, during this period OMB involvement with the Departments is not great compared to interaction

---

<sup>35</sup> OMB Circular A-11 is available on the Internet at <http://www.whitehouse.gov/omb/circulars/a11/99toc.html>

levels during the fall. Although information, proposals, and evaluations are exchanged, OMB staff is not usually part of Department budget request preparation processes.

The major exception is DoD. Because of the size and complexity of the DoD budget, OMB staff members are more involved in DoD internal reviews than with the internal reviews of other Departments. These reviews occur throughout the summer in the Programming phase of DoD's Planning, Programming, and Budgeting System (PPBS). In this role, OMB staff participates in DoD issue reviews.<sup>36</sup> Thus, while information is continually exchanged between OMB and other Departments, OMB's involvement in the DoD process is more extensive. (See also section entitled Program Analysis and Evaluation Directorate in the volume entitled Department of Defense.)

**(e) September.** In September, Departments and Agencies submit their budget requests to OMB for review. It is important to note that these budget submissions are usually prepared before Congress acts on the budget for the next year. Since Departments and Agencies do not know at this point precisely how much funding they will receive in the Fiscal Year that begins on the first of October, budget requests are "prepared with a great deal of uncertainty."<sup>37</sup> OMB uses September to review and analyze Department budget requests prior to beginning its internal "hearings." September reviews include verification of figures, examination of supporting studies used by Departments to justify some items, comparisons to the previous budget, extent of compliance with preparation guidance, and identification and analysis of a small number of additional issues. For example, for DoD the OMB staff will review the Department's budget to ensure that the figures are correct and that it is consistent with the President's defense and national security policies.<sup>38</sup>

Concurrently, as the review takes place, the OMB staff enters budget estimates into the Budget Preparation System (BPS). BPS is a computer program sub element of MAX, an automated system that tracks the overall budget preparation in near-real time. This process is known as "scorekeeping." While the inputs may change as a result of OMB hearings, the Director's Review, or appeals, these initial inputs are the beginning of actual budget building. Actual preparation of the President's Budget is a highly automated procedure.

**(f) September-October.** Following budget request reviews, OMB conducts a series of hearings at which Departments defend their requests. The hearing process begins during the September analysis of budget requests when the OMB staff develops questions for Departments to address during the hearings.

The term "hearings" is generic and may be somewhat misleading. Hearings may take the form of one-on-one meetings at staff level, telephonic and written inquiries or they may involve relatively senior panels of OMB officials, including PADs and perhaps Deputy directors. The latter usually is the case if senior Department officials are expected to be present, which may occur when important, contentious issues arise.

---

<sup>36</sup> DoD officials view OMB participation as a generally positive event because it helps them explain their positions on programs and to gain OMB support. In the words of one senior, experienced DoD participant, having OMB sit in ensures that OMB knows exactly what it gets for its money, and exactly what capabilities it will lose when it cuts funding.

<sup>37</sup> CRS Report Number 98-721 GOV.

<sup>38</sup> Interviews with OMB staff.

Participants have described the hearings as animated.<sup>39</sup> They allow Departments to present and justify budget requests and to present their side of the case with respect to OMB issues. Hearings are the best opportunity for Departments to shape the President's Budget, short of direct intervention by cabinet officers with the President. One observer notes that they provide an "opportunity for. . . Agency representatives to make a dent in OMB decision-making."<sup>40</sup> Hearings also allow OMB to explain the President's policy in cases where such explanations are necessary.

When hearings involve formal meetings, they are usually held at OMB, except in the case of DoD. The procedure for Defense Department hearings centers on the Department's internal issue review procedures, which are part of the PPBS. Beginning in the summer months and continuing into the fall, DoD and OMB staffs review the Defense budget jointly. (See section entitled Program Analysis and Evaluation Directorate.) For other Departments and Agencies, the hearing process is shorter and may last hours or days. In all cases, both sides generally know the other's position prior to the hearings, and Departments usually have the opportunity to preview OMB issue papers. At the conclusion of the hearings, unresolved issues are carried forward for the OMB Director's review.

Those interviewed at OMB noted that the current Administration encourages issue resolution at lower levels. To accommodate this preference, OMB staff tries to reach agreement with Departments and Agencies before submitting issues for the Director's decision. Thus, PAD reviews occur prior to the Director's review. PAD decisions are provided to the Director for his consideration, along with unresolved issues.

**(g) October-November.** The OMB Director's reviews for a particular Department often begin while hearings are still ongoing for other Departments. The entire review period can last three or four weeks. In preparation for the review, the OMB staff develops issue papers and briefings. Issue papers are formatted to include an executive summary; several alternatives, funding levels for each alternative, and an assessment of the potential outcomes; legislation required for alternatives to be adopted; and stakeholder positions, including those of Congress, interest groups, other government organizations, and the general public. Issue papers end with a recommendation.

Director reviews are often conducted as hearings (in which staff present their case before the Director and other senior OMB officials) and/or through issue books. Departments and Agencies are represented by OMB staff and do not take part directly in the reviews. When hearings are conducted, the Director and senior OMB staff members receive issue books prior to each session to acquaint them with substantive matters.

During review sessions, the usual format begins with a budget overview, followed by oral presentation of issue papers.<sup>41</sup> Because it is impossible to review the entire budget, hearings focus on what have been described as "politically visible" issues—those unresolved items that have potentially significant policy impacts.<sup>42</sup>

---

<sup>39</sup> Interviews with OMB and DoD staff.

<sup>40</sup> Tomkin, p. 122.

<sup>41</sup> Interviews with OMB staff.

<sup>42</sup> Tomkin, p. 128.

The Director's review is closed except for OMB staff. The minutes of each session are closely held by OMB and not usually released beyond the OMB staff.

As each review is completed, OMB decisions are forwarded to Departments for incorporation into their final budget proposals. This is referred to as "passbacks," and once received by the Department, decisions are either accepted and included in the revised budget or designated for appeal. Passback documents include the Director's decisions, as well as additional guidance and instructions if necessary. As a rule, passbacks go directly from the Director to the Department Secretary or from senior OMB staff to Assistant Secretaries. Transmittal is never from OMB examiners to Department action officers.

**(h) November-December.** If a Department elects to appeal the OMB Director's decision(s), it prepares and presents its case during November and December. Technically, appeals are addressed to the President. However, they are often resolved before they reach that level. In cases of appeals on national security issues, the Director of OMB, the President's National Security Advisor, the Secretary of State, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and others will often try to resolve appeals through compromise. When this is not possible, the appeal is passed to the President for decision.

In these cases, the President may seek the advice of the same group or elicit the opinions of others. Once the President makes his decision, there is no further appeal. Interviews with experienced OMB staff indicate that the level of Presidential involvement in the appeals process depends on the personality of the President. President Carter, for example, took an active role in deciding appeals; President Reagan was involved only in exceptional cases.

Although lower levels of the bureaucracy may object to an OMB Director's decision, it does not become an appeal without the consent of the Department Secretary. Thus, the OMB staff treats the appeals process seriously because appeals carry the weight of the appealing Department's Cabinet Secretary. OMB staff noted during interviews that since Secretaries have a personal relationship with the President, it is in everyone's interest to resolve appeals before they reach the Oval Office.

**(i) December-January.** Upon completion of the appeals process, decisions are included in the budget and final adjustments are made. These adjustments are based on the latest predictions and forecasts, including inflation and employment figures. The budget is then printed.

**(j) January-February.** The President's Budget is submitted to Congress prior to close of business on the first Monday in February. The President provides budget highlights to Congress during his State of the Union Address in January. Once the budget is submitted, OMB reviews Department testimony to ensure it reflects the President's policies. It also exchanges information with the Congressional Budget Office (CBO) as appropriate to clarify specific issues. OMB sources describe the relationship with CBO as constructive and valuable, although they acknowledge that there are disagreements.

Once the budget has been submitted to Congress, the Director testifies on the substance of the budget before the House and Senate Budget Committees. (See sections of the report entitled The House of Representatives Budget Committee and The Senate Budget Committee.)

Senior OMB officials may also testify before the House and Senate Appropriations Committees. Although OMB continues to track the budget through Congress, “its formal role in congressional budgeting is limited.”<sup>43</sup> Generally, OMB testimony focuses on macro economic issues, not on Department or Agency programs. However, OMB is involved in specific aspects of the defense of the President’s Budget through its role in clearing Department and Agency communications (including testimony) delivered to Congress.

**(2) Major Stakeholders:** The Executive and Legislative Branches of government.

**(3) Key Organizational Processes:** Budget preparation (OMB A-11).

**(4) Associated Higher-Level Processes:** Construction of the President’s legislative program and Congressional action on the President’s Budget (See sections entitled The House Budget Committee, The Senate budget Committee, The House Appropriations Committee, and The Senate Appropriations Committee).

**(5) Associated Lower-Level Processes:** Varies according to Department and Agency. (See for example the discussion of DoD budget preparation in the section entitled Program Analysis and Evaluation Directorate.)

**F. Preparation.** OMB has no direct involvement in national security preparation, although their oversight of the budget preparation process may impact preparations at Department and Agency level by determining availability of funding.

**G. Resourcing.** See paragraph 5.E. for a description of OMB’s role in preparing the President’s budget.

## **6. Informal National Security Process Involvement.**

**A. Relations with Departments and Agencies.** Although informal information exchanges between OMB and Executive Branch Departments and Agencies are nearly continuous throughout the process, relationships are “often adversarial because Agencies ask for more than OMB can give them and OMB cuts some things that Agencies want.”<sup>44</sup> Despite this fact, OMB’s assessment is that it has good access and communications with other elements of the Executive Branch. Officials in the Defense Department’s Directorate of Program Analysis and Evaluation confirmed this assessment.<sup>45</sup>

Information exchange has mutual advantages. OMB examiners are expected to know what Department and Agency requests are likely to contain. Department and Agency officials depend on OMB for budget preparation guidance and to represent them fairly during reviews. Mutual needs and the absence of formal processes that permit continuous interaction have led to the development of informal contacts. Many of the contacts are telephonic, although occasionally there are face-to-face meetings. In the case of DoD, an elaborate informal system has developed in which OMB staff participates in internal Defense Department program reviews

---

<sup>43</sup> Schick, p. 58.

<sup>44</sup> Schick, p. 56.

<sup>45</sup> Interviews with OMB and PA&E staff.

as described in the preceding paragraph and the section of the report entitled Program Analysis and Evaluation Directorate.

From OMB's perspective, mutual self-interest drives the informal processes and permits information exchanges, despite occasional acrimony.<sup>46</sup> It is also based on trust. OMB staff noted that they take a long view of the relationship with the Departments and Agencies. Thus, misrepresenting (or inadequately representing) a Department or Agency is shortsighted, since OMB will have to work with the same officials again next year. Departments and Agencies have a similar view and usually provide necessary information through informal contacts.

**B. Relations with Congress.** At its most basic level, when dealing with resources, the President proposes and Congress disposes. As one observer noted, "OMB tracks the progress of the President's budget through Congress, but its formal role in congressional budgeting is limited."<sup>47</sup> Despite limitations in terms of formal influence, the OMB staff is often involved in informal approaches.

The extent to which OMB and Congressional staff contacts have been encouraged by OMB leadership varies. However, moving the President's Budget through Congress requires informal contacts and information exchanges with the Budget Committees and other committees and between OMB and the Congressional Budget Office (CBO).<sup>48</sup> This includes clarification, tracking information, and occasionally advocating for spending levels.

CRS has noted that informal contacts between EOP officials and Congress have increased recently.<sup>49</sup> Prior to submitting the budget, OMB tries to meet with CBO to reach agreement on various fundamental factors such as outlays.<sup>50</sup> These meetings involve information exchanges, which help shape subsequent deliberations. After the budget has been submitted, informal contacts with CBO continue and additional contacts are initiated with the Budget and Appropriations Committees staffs. Because senior OMB officials testify before the Budget and Appropriations Committees, information is exchanged between staff members both prior to testimony and once it is complete.

Perceptions of the value of staff contacts vary. One expert notes that the Clinton Administration OMB leadership encourages these contacts because the extent to which staff members are known and trusted by Members of Congress and their staffs increases their value. However, this observer also notes concerns on the part of some PADs that, while valuable as catalysts, OMB staff contacts with Congress detract from more traditional staff requirements.<sup>51</sup> In other words, OMB is not resourced sufficiently to provide the sort of staff-to-staff contacts that are necessary to score and track the President's Budget through Congressional processes.

---

46 Interviews with OMB staff.

47 Schick, p. 58.

48 See Tomkin for an historical perspective on interaction between the two staffs.

49 CRS Report Number 98-721GOV, p. 11.

50 Outlays are actual expenditures as compared to budget authority, which is simply authority to commit government funds which may not actually be spent until years later.

51 Tomkin, p. 280-281.

There are indications that informal consultations on internal OMB operations also occur. For example, GAO notes that the OMB's 1997 strategic plan was prepared in consultation with Congress.<sup>52</sup>

## 7. Funding and Personnel.

**A. Authorization and Appropriations:** The Government Affairs Committee is OMB's primary authorization committee; the Treasury Subcommittee is its primary appropriations committee.<sup>53</sup>

**B. Funding Sources:** OMB is funded from appropriations for the EOP.

**C. Budget:** Annual budgets are in the \$50 million range.

**D. Manpower:** The OMB staff is approximately 520, which makes it the largest activity in the EOP.

## 8. Observations.

**A. Ability to Assess Crosscutting National Security Resourcing Issues.** Although OMB does a very credible job of dealing with Department and Agency-specific issues, it is not clear that it does as well in assessing crosscutting issues that affect national security. For example, National Security and International Affairs division examiners are subordinate to the same RMO, but the former deal primarily with programs in DoD and DoE while the latter are concerned with DoS. The ability to conduct crosscutting assessments of the impact of programmatic decisions on other Departments and on the national security equation as a whole is evolving.

If effective national security in the 21<sup>st</sup> Century will involve integrated efforts by a variety of Executive Branch Departments and Agencies during both planning, mission execution, and preparation, then the ability to integrate resourcing analyses and assessments is important. Without this ability to assess crosscutting issues throughout the budget preparation process, there is a risk that resourcing decisions that seem beneficial for one Department may adversely impact the national security plans and programs of other Departments.

**B. Budgeting versus Management.** As noted, many observers believe that OMB's staff is concerned primarily with budget and program reviews and not with management. The scope of the present review uncovered no clear evidence supporting this contention. However, since effective management is a condition for effective national security, additional study of this facet of OMB's activities seems warranted. Just the fact that so many remain concerned about the balance of management and budget indicates that a more complete assessment should be made. In undertaking such an assessment, it would be prudent to examine the budget-management balance within the context of OMB's ability to integrate their examinations of contributions of a

---

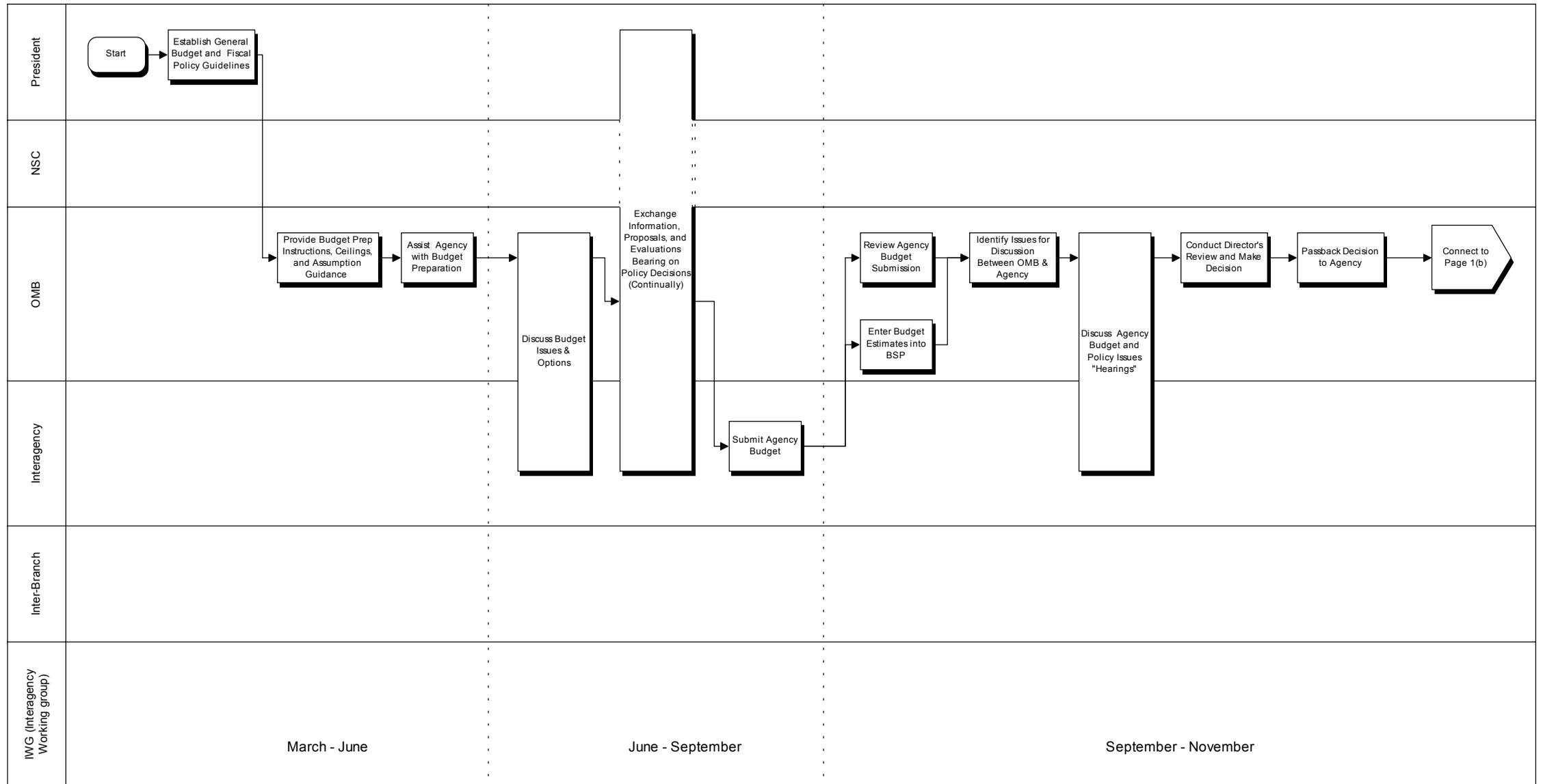
<sup>52</sup> Posner and Mihm.

<sup>53</sup> Interviews with OMB staff.

wide variety of government Agencies to national security. Not only should assessments be crosscutting, but budgeting and management should be, too.

**APPENDICES**

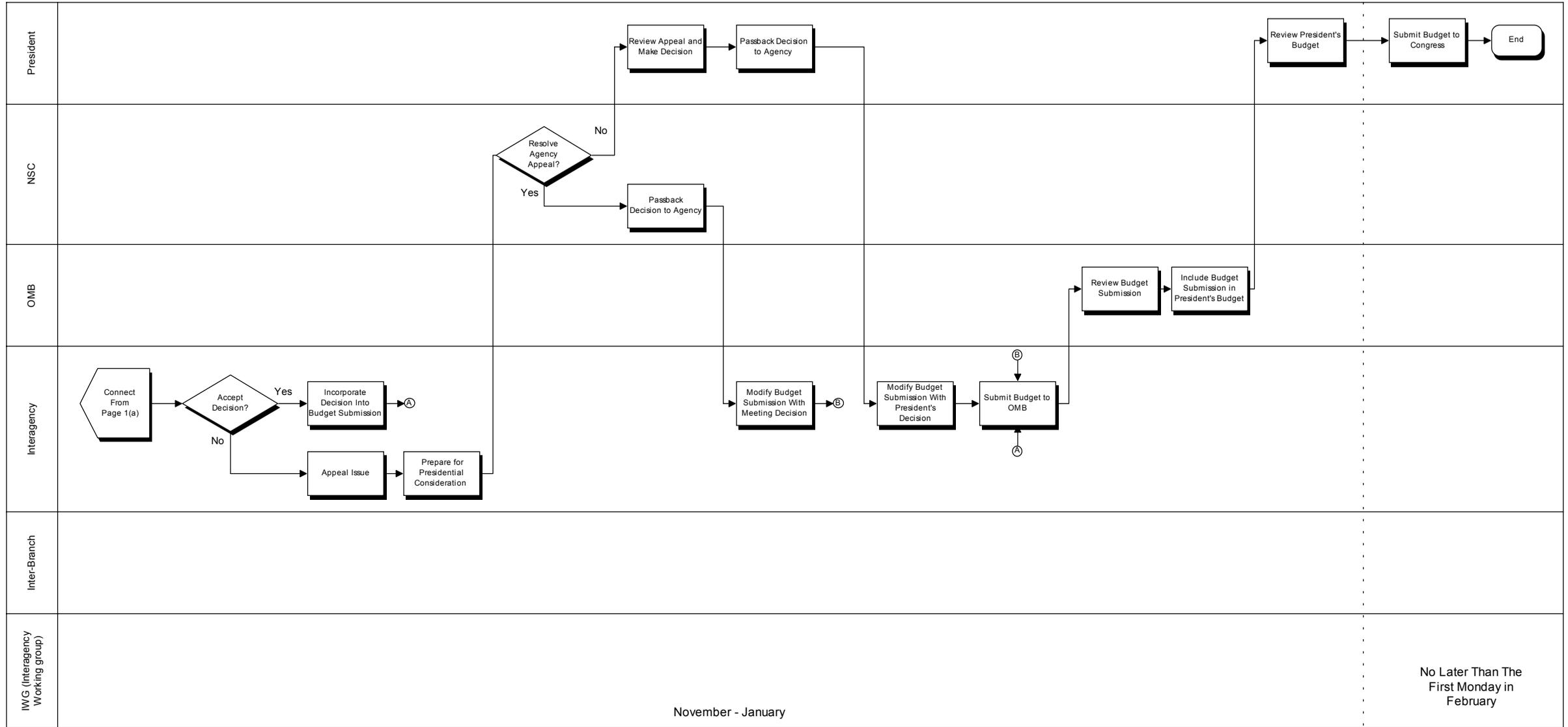
## OMB - Key Process - (Formal) - Observation, Orientation, and Oversight and Resourcing



Appendix 1(a)

BSP - Budget Preparation System  
 NSA - National Security Advisor  
 SecDef - Secretary of Defense  
 CJCS - Chairman Joint Chiefs of Staff

OMB - Key Process - (Formal) - Observation, Orientation, and Oversight and Resourcing (continued)



**ORGANIZATIONAL DESCRIPTION**  
**COUNCIL OF ECONOMIC ADVISORS (CEA)**



*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## **EXECUTIVE SUMMARY**

### **The Council of Economic Advisors (CEA)**

#### **Overview**

The Council of Economic Advisors (CEA) was established by the Employment Act of 1946 and is responsible for advising the President and relevant Cabinet members on matters concerning the national economy. In addition to this task, the CEA also works to enhance the public's understanding of economic issues.

#### **Organization**

The CEA consists of a Chairman and two other board members. The Chairman acts as the CEA's representative to the President and its recommendations are frequently those of the Chairman. All three members have extensive academic and functional expertise in the field of economics. The CEA is also comprised of a staff of about ten economists, generally professors on one- or two-year leaves from their universities, who act as the senior staff economists. They in turn are assisted by an additional ten junior staff economists, typically advanced graduate students who also spend only a year or two at the CEA. Four permanent economic statisticians assist the economists in the interpretation and identification of economic data.

#### **Role in Formal and Informal National Security Processes**

The CEA serves as an advisory body to the administration. Although the Chairman is a member of the President's Cabinet, the CEA does not have a mandated role in the formal national security process—its advice and recommendations can only influence Presidential and senior administration decisions regarding the economy.

#### **Conclusions and Observations**

Established by law to provide the President and senior Cabinet members with advice on issues pertaining to the economy, the Council of Economic Advisors serves as another resource (i.e., National Economic Council) for the administration on these matters. Although set up as an advisory body with no direct participatory role, the CEA's recommendations can influence decisions made by the President and other Cabinet officials on national economic topics.

## ORGANIZATIONAL DESCRIPTION

### The Council Of Economic Advisors (CEA)

#### 1. Legal Specifications, Authorizations, and Responsibilities.

**A. Authorizing Directive:** The Council of Economic Advisors (CEA) was established by the Employment Act of 1946.<sup>1</sup> The Act stated: “There is hereby created in the Executive Office of the President a Council of Economic Advisors (hereinafter called the “Council”). The Council shall be composed of three members who shall be appointed by the President, by and with the advice and consent of the Senate, and each of whom shall be a person who, as a result of his training, experience, and attainments, is exceptionally qualified to analyze and interpret economic developments, to appraise programs and activities of the Government, and to formulate and recommend national economic policy to promote employment, production, and purchasing power under free competitive enterprise.”<sup>2</sup>

**B. Department/Agency Directives:** None.

#### 2. Missions/Functions/Purposes.

**A. Major Responsibilities:** The Employment Act of 1946 tasks the CEA to do the following:

(1) Assist and advise the President in the preparation of the *Economic Report of the President*.

(2) Gather timely and authoritative information concerning economic developments and economic trends, both current and prospective; to analyze and interpret such information for the purpose of determining whether such developments and trends are interfering or are likely to interfere with the achievement of such policy; and to compile and submit to the President studies relating to such developments and trends.

(3) Appraise the various programs and activities of the Federal Government for the purpose of determining the extent to which such programs and activities are contributing, or not contributing; to the achievement of such policy; and to make recommendations to the President with respect thereto.

(4) Develop and recommend to the President national economic policies to foster and promote free competitive enterprise; to avoid economic fluctuations or to diminish the effects thereof; and to maintain employment, production, and purchasing power<sup>3</sup>.

---

<sup>1</sup> This act also established Congress' Joint Economic Committee, called on the President to estimate and forecast the current and future level of economic activity in the U.S., and announced that it was the “continuing policy and responsibility” of the Federal Government to “coordinate and utilize all its plans, functions, and resources... to foster and promote free competitive enterprise and the general welfare; conditions under which there will be afforded useful employment for those able, willing, and seeking to work; and to promote maximum employment, production, and purchasing power”

<sup>2</sup> Council of Economic Advisors (CEA) website (<http://www.whitehouse.gov/WH/EOP/CEA/html/index.html>).

<sup>3</sup> Occasionally, CEA recommendations, especially with respect to technical transfers, may be at odds with DoD positions.

(5) Make and furnish such studies, reports thereon, and recommendations with respect to matters of Federal economic policy and legislation as the President may request.

**B. Subordinate Activities and Agencies:** None.

### 3. Vision and Core Competencies.

**A. Vision:** None published.

**B. Core Competencies:** None published.

### 4. Organizational Culture.

**A. Values:** None published.

**B. Leadership Traditions:** The chairman is legally responsible for establishing the positions taken by the Council, meaning that positions taken by the CEA reflect the judgement of the Chairman rather than the Council itself. The Chairman works with the other two members to formulate economic advice for the President, while the other members direct research activities of the Council in particular fields and represent the Council at meetings with other agencies.

The CEA Chairman is appointed by the President and confirmed by the Senate. The Chairman is also a member of the President's Cabinet.<sup>4</sup>

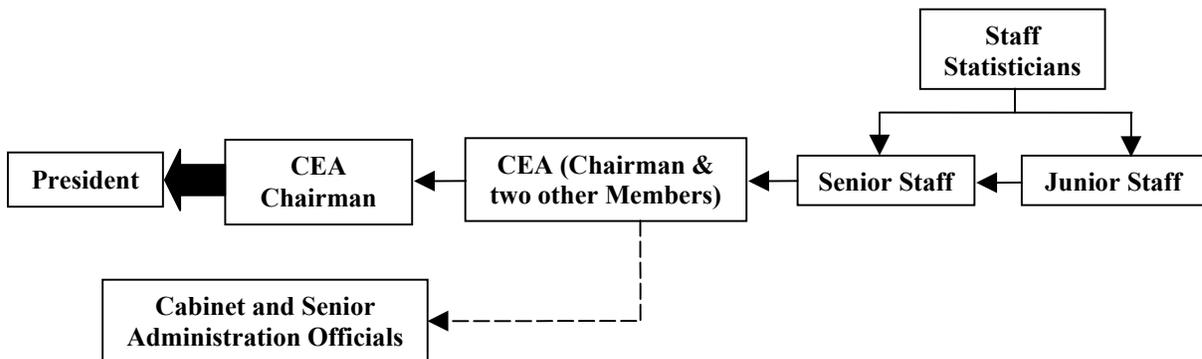
**C. Staff Attributes:** CEA staffers all have educational and professional backgrounds in economics. The economists on the staff are typically members of the academic community and consist of professors and advanced graduate students in the field of economics, while the statisticians are permanent civil servants.

**D. Strategy:** The CEA does not possess any specific strategy. It was established to give economic advice to the President and senior members of the administration and to produce the *Economic Report of the President*, an annual report on the state and future of the economy. It additionally seeks to educate and enlighten the public on economic issues.

---

<sup>4</sup> CEA website.

## E. Organization Chart:



**Figure 1: Organization of the Council of Economic Advisors**

**5. Formal National Security Process Involvement.** The CEA does not play a formal role in the national security process. It will give advice and recommendations concerning economic issues at the President's or a senior administration official's behest. This advice ranges in form from informal discussions on specific topics with the President or other senior officials to the preparation of formal economic forecasts for Cabinet meetings. In addition, the *Economic Report of the President* provides the CEA with a forum to discuss issues and present recommendations regarding the economy. All these services provided by the CEA, in turn, may influence decisions made by the President or other senior officials regarding the direction and management of the economy.

**A. Strategy Development:** No involvement.

**B. Policy, Guidance, and Regulation:** No involvement.

**C. Planning:** No involvement.

**D. Mission Execution:** No involvement.

**E. Observation, Orientation, and Oversight:** No involvement.

**F. Preparation:** No involvement.

**G. Resourcing:** No involvement.

**6. Informal Formal National Security Process Involvement.** None.

**7. Funding and Personnel.**

**A. Authorization and Appropriations:** CEA is included in the appropriation for Executive Office of the President.

**B. Funding Sources:** CEA is funded through the Executive Office of the President.

**C. Budget:** The FY 1999 budget for CEA was \$4M.<sup>5</sup>

**D. Personnel:** The CEA is composed of about ten economists, generally professors on one- or two-year leaves from their universities, who act as the senior staff economists. They in turn are assisted by an additional ten junior staff economists, typically advanced graduate students who also spend only a year or two at the CEA. Four permanent economic statisticians assist the economists in the interpretation and identification of economic data.<sup>6</sup>

**8. Conclusions and Observations.** Established by law to provide the President and senior Cabinet members with advice on issues pertaining to the economy, the Council of Economic Advisors serves as another resource (i.e., National Economic Council) for the Administration on matters of the economy. Although set up as an advisory body with no direct participatory role, the CEA's recommendations can influence decisions made by the President and other Cabinet officials on national economic topics.

---

<sup>5</sup> Budget of the United States Government.

<sup>6</sup> CEA website.

**ORGANIZATIONAL DESCRIPTION**

**THE OFFICE OF NATIONAL DRUG CONTROL  
POLICY (ONDCP)**



*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## **EXECUTIVE SUMMARY**

### **The Office of National Drug Control Policy (ONDCP)**

#### **Overview**

The Office of National Drug Control Policy (ONDCP) was established by the 1988 Anti-Drug Abuse Act and serves as the lead Agency within the Executive Branch on drug control policy. Its primary responsibilities include establishing policies, priorities, and objectives for the Nation's drug control program, the goals of which are to reduce illicit drug use, manufacturing, and trafficking; drug-related crime and violence; and drug-related health consequences.

#### **Organization**

ONDCP is composed of 11 functional offices with differing responsibilities. These offices are: State and Local Affairs, Counterdrug Technology Assessment Center, Demand Reduction, Intelligence, Legal Counsel, Legislative Affairs, Programs, Budget, Research and Evaluation, Public Affairs, Strategic Planning, Supply Reduction, and the ONDCP Drug Policy Information Clearinghouse. ONDCP is authorized an end-strength of 154 people with expertise and experience in its various functional areas, such as demand and supply reduction.

#### **Role in Formal and Informal National Security Processes**

ONDCP serves as the coordinator of the U.S. drug control effort and works to ensure that this effort (involving a wide range of Federal, State, and local Agencies) is undertaken in compliance with the goals and objectives listed in the *National Drug Control Strategy*, an annual plan developed to outline the issues and requirements for controlling and combating drugs.

#### **Conclusions and Observations**

ONDCP was established to centralize the overall direction and management of the country's drug control effort. In this capacity, it has served as a coordinator and "overseer" of the various Federal Agencies' individual drug control programs and budgets. In addition, ONDCP works to direct and enhance drug control plans at the State and local levels. Through these management efforts, ONDCP and its Director work to fulfill the goals and objectives codified in the *National Drug Control Strategy* and called for in the *National Security Strategy*: reduction in the Nation's supply and demand for illicit narcotics.

## ORGANIZATIONAL DESCRIPTION

### The Office Of National Drug Control Policy (ONDCP)

#### 1. Legal Specifications, Authorizations, and Responsibilities.

**A. Authorizing Directive:** The Office of National Drug Control Policy (ONDCP) was established by Title I of Public Law 100-690 [21 U.S.C. 1501]<sup>1</sup> in November 1988 and is part of the Executive Office of the President. The Act names as principals a Director of National Drug Control Policy and Deputy Directors for Demand Reduction and Supply Reduction, all to be appointed by the President, with the advice and consent of the Senate. It also designates a Bureau of State and Local Affairs, to be headed by an Associate Director for National Drug Control Policy, also to be appointed by the President.<sup>2</sup>

**B. Department/Agency Directives:** The following legislation/directives have bearing on ONDCP:<sup>3</sup>

**(1) The Controlled Substances Act, Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970** provided an effective approach to the regulation, manufacture, and distribution of narcotics, stimulants, depressants, hallucinogens, anabolic steroids, and chemicals used in the production of controlled substances.

**(2) Executive Order 12564 (1986)** made refraining from drug use a condition of employment for all Federal employees. This order required every Federal Agency to develop a comprehensive drug-free workplace program.

**(3) The Violent Crime Control and Law Enforcement Act of 1994** extended ONDCP's mission to assessing budgets and resources related to the *National Drug Control Strategy*. It also established specific reporting requirements in the areas of drug use, availability, consequences, and treatment.

**(4) Executive Order 12880 (1993) and Executive Orders 12992 and 13023 (1996)** assigned ONDCP responsibility within the Executive Branch for leading drug-control policy and developing an outcome-measurement system. The Executive Orders also chartered the President's Drug Policy Council and established the ONDCP Director as the President's chief spokesman for drug control.

**(5) The Office of National Drug Control Policy Reauthorization Act of 1998** expanded ONDCP's mandate and authorities and set forth additional reporting requirements and expectations, including: development of a long-term national drug strategy; implementation of a robust performance-measurement system; commitment to a five-year national drug-control program budget; permanent authority granted to the High Intensity Drug Trafficking Areas (HIDTA) Program, along with improvements in HIDTA management; greater demand-reduction responsibilities given to the Counter-Drug Technology Assessment Center (CTAC); statutory authority for the President's Council on Counter-Narcotics; increased reporting to Congress on

---

<sup>1</sup> Also referred to as "The Anti-Drug Abuse Act of 1988."

<sup>2</sup> P.L. 100-690.

<sup>3</sup> Office of National Drug Control Policy (ONDCP) website (<http://www.whitehousedrugpolicy.gov/>).

drug-control activities; reorganization of ONDCP to allow more effective national leadership; improved coordination among National Drug Control Program Agencies; and establishment of a Parents Advisory Council on Drug Abuse.

## **2. Missions/Functions/Purposes.**

**A. Major Responsibilities:** The principal purpose of ONDCP is to establish policies, priorities, and objectives for the Nation's drug control program. The goals of the program are to reduce:

- (1) Illicit drug use, manufacturing, and trafficking;
- (2) Drug-related crime and violence;
- (3) Drug-related health consequences.

To achieve these goals, the Director of ONDCP is responsible for producing the *National Drug Control Strategy*, which directs the Nation's anti-drug efforts and establishes a program, a budget, and guidelines for cooperation among Federal, State, and local entities.

By law, the Director of ONDCP also evaluates, coordinates, and oversees both the international and domestic anti-drug efforts of other Executive Branch Agencies, and ensures that such efforts sustain and complement State and local anti-drug activities. The Director advises the President regarding changes in the organization, management, budgeting, and personnel of Federal Agencies that could affect the Nation's anti-drug efforts; and regarding Federal Agency compliance with their obligations under the *Strategy*.

**B. Subordinate Activities and Agencies:** None.

## **3. Vision and Core Competencies**

**A. Vision:** None published.

**B. Core Competencies:** None published.

## **4. Organizational Culture.**

**A. Values:** None published.

**B. Leadership Traditions:** The Director of ONDCP is nominated by the President and approved by the Senate. He is a member of the President's Cabinet and is the principal Administration and national spokesperson on illicit drug use and related issues.<sup>4</sup> The Director's role is to create a national understanding of the nature of the threat from illicit drug use and the importance of resisting drugs at all levels of society. The Director also serves as "drug issues advocate" within the Cabinet, developing collaborative relationships with Cabinet members and keeping the President informed on drug issues. Additionally, the Director coordinates and oversees other national drug control program Agencies, reviews and certifies Agencies' drug

---

<sup>4</sup> The Director of ONDCP was accorded Cabinet-level status upon appointment to position in February 1996.

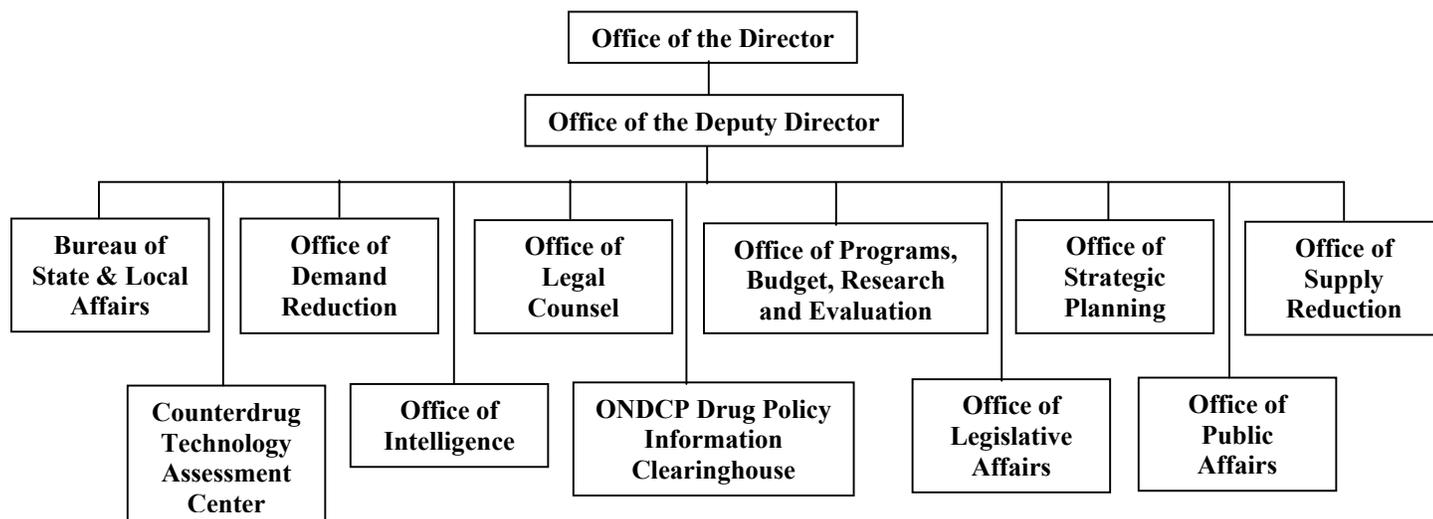
control budgets, and serves as chair of ONDCP’s Research, Data, and Evaluation Advisory Committee.

**C. Staff Attributes:** None specific to ONDCP.

**D. Strategy:** The 1988 Anti-Drug Abuse Act specified that ONDCP implement a national strategy that is comprehensive, research-based, contains long-range goals and measurable objectives, and seeks to reduce drug abuse, trafficking, and their consequences. Specifically, drug abuse is to be curbed by preventing youth from using illegal drugs, reducing the number of users, and decreasing drug availability.<sup>5</sup> These objectives have formed the basis of ONDCP’s national strategies since 1989 and the *1999 U.S. National Drug Control Strategy* contains the same overall goals. It consists of five overarching goals and 31 objectives focused on the reduction of the supply and demand for drugs. These goals are:<sup>6</sup>

- (1) Educate and enable America’s youth to reject illegal drugs as well as alcohol and tobacco.
- (2) Increase the safety of America’s citizens by substantially reducing drug-related crime and violence.
- (3) Reduce health and social costs to the public of illegal drug use.
- (4) Shield America’s air, land, and sea frontiers from the drug threat.
- (5) Break foreign and domestic drug sources of supply.

**E. Organization Chart:**



**Figure 1: Organization of the Office of National Drug Control Policy (ONDCP)**

<sup>5</sup> The 1999 National Drug Control Strategy (NDCS).

<sup>6</sup> 1999 NDCS.

**(1) Bureau of State and Local Affairs** coordinates ONDCP relationships and outreach efforts to State and local government Agencies as well as public interest groups. The Bureau of State and Local Affairs consults with State and local Agencies to gather input for development of the *National Drug Control Strategy* and also works with these Agencies to promote implementation of drug control policies and programs at the State and local level of government. The office advises the Director of ONDCP on the views of State and local officials. In addition, the office maintains liaison with Federal law enforcement Agencies to promote programs and Federal cooperation with State and local counter drug programs, including overseeing the HIDTA Program.

**(2) Counterdrug Technology Assessment Center** advises the Director of ONDCP on counterdrug research and development, policies and programs, and for substance abuse addiction and rehabilitation research. The center helps to implement the scientific research and technology development initiatives that support the *National Drug Control Strategy*. The Counterdrug Technology Assessment Center serves as the central research and development organization in the United States Government for counterdrug enforcement and drug abuse education, prevention, and treatment.

**(3) Office of Demand Reduction** is responsible for advising the Director of ONDCP on domestic and international policies and programs to reduce the demand for drugs and ensuring implementation of the demand-related portions of the *National Drug Control Strategy*. Demand reduction includes drug prevention and education, treatment and rehabilitation, drug programs in the workplace, and international cooperation on demand reduction. The Office of Demand Reduction advises the ONDCP Director on policies, strategies, goals, objectives, and priorities pertaining to demand reduction; participates in the development of the *National Drug Control Strategy*; and oversees implementation of policies, objectives, and priorities outlined in the *Strategy*. In addition, the Office of Demand Reduction is responsible for implementing the National Youth Anti-Drug Media Campaign, and the grant program authorized by the Drug-Free Communities Act.

**(4) Office of Intelligence** oversees development and implementation of an effective interagency intelligence effort that supports the President's *National Drug Control Strategy*. The office monitors and evaluates domestic and foreign drug intelligence programs carried out by various drug control program Agencies. It advises the Director of ONDCP on intelligence information related to the production, trafficking, smuggling, and distribution of illicit drugs directed at the United States.

**(5) Office of Legal Counsel** advises the Director and staff of the Office of National Drug Control Policy regarding all legal questions confronting the Agency. The Office's primary function is to advise the Director and Agency personnel on the scope and effect of their legal authority. It also is responsible for monitoring and commenting on drug control measures, proposed legislation which impacts drug control policy, overseeing compliance with Federal ethics law and regulations by ONDCP's Director and staff, and ensuring Agency compliance with Federal records laws and Freedom of Information Act requests. Finally, the Office of Legal Counsel is responsible for advising the Director and senior staff on issues of administrative, contract, copyright, fiscal, procurement, personnel, security, and appropriations law that arise in the course of ONDCP's daily operations.

**(6) Office of Legislative Affairs** is ONDCP's liaison with the Congress, the White House Office of Legislative Affairs, and the legislative offices of Federal Agencies involved in implementing the *National Drug Control Strategy*. The office monitors and analyzes drug-related legislation and is responsible for developing and implementing legislative strategies to guide policy issues and appropriations through Congress; serving as the Director's principal advisor on issues as they are affected by Congressional action; and ensuring that ONDCP is aware of Congressional concerns regarding drug-related issues and that Congress is aware of the Administration's concerns on drug-related policy and budget. The Office of Legislative Affairs is responsive to congressional requests for information, briefings, and hearings, and is proactive in its efforts to support national drug control policies in the Legislative Branch.

**(7) Office of Programs, Budget, Research and Evaluation (OPBRE)** is responsible for the development and coordination of key policy and budget recommendations for the *National Drug Control Strategy*. The office conducts and coordinates research and policy analyses in support of a wide range of issues and in a number of functional areas. Included are analyses and evaluations to measure the *Strategy's* effectiveness, as defined by the *Strategy's* goals and objectives, as well as specific analytical work in support of the development of Statements of Administration Position (SAPs), responses to Congressional inquiries, input for proposed Administration legislative initiatives, and other areas closely related to drug policy. Specific activities of OPBRE include assistance with both the consultation process for and the preparation of the annual *National Drug Control Strategy* and its companion *National Drug Control Strategy* Budget Supplement. In the development of the latter, the office must review all Executive Branch Department and Agency drug control budgets for certification. Certification is based on their adequacy to implement the President's goals, priorities, and objectives as stated in the *National Drug Control Strategy*. OPBRE also has the lead for key evaluation and policy analyses and manages both the ONDCP policy research agenda and budget, and the official ONDCP Clearinghouse/Internet site (White House Office of National Drug Control Policy, Drug Policy Information Clearinghouse). The Director of Planning, Budget, and Research serves as chair of the Data, Evaluation, and Interagency Coordination Subcommittee of ONDCP's Research, Data, and Evaluation Advisory Committee.

**(8) Office of Public Affairs** serves as a liaison between ONDCP and the media. Public Affairs highlights ONDCP messages through a schedule of major media events including press conferences, television and radio interviews, and public service announcements. Public Affairs plans media efforts and programs. The office develops information to effectively respond to issues and problems of national scope, and ensures that the objective, views and plans of the Director and the Administration are conveyed to the public.

**(9) Office of Strategic Planning** supports the Director of the Office of National Drug Control Policy in designing and implementing the overarching strategies for achieving the goals identified in the *National Drug Control Strategy*. Specific office responsibilities include production of the *National Drug Control Strategy*, speeches, newspaper articles, editorials and congressional testimony, and overall coordination of the Director's travel and public appearances. Working together with the entire ONDCP staff, the Office of Strategic Planning ensures that the message of ONDCP is articulate, clear, factually accurate, and reaches the most appropriate audiences in the most effective manner.

**(10) Office of Supply Reduction** is responsible for advising the Director of ONDCP on policies and programs to reduce the supply of drugs, and it ensures implementation

of the supply reduction programs in support of the *National Drug Control Strategy*. In carrying out this responsibility, the office advises the Director, ONDCP on policies, objectives, and priorities pertaining to supply reduction; participates in the annual promulgation of the *National Drug Control Strategy* in supply reduction areas; coordinates and oversees implementation by National Drug Program Agencies of the policies, objectives, and priorities established by the *Strategy*; and makes recommendations to the Director regarding changes in the organization, management, and budgets of Federal Departments and Agencies engaged in supply reduction.

**(11) ONDCP Drug Policy Information Clearinghouse** is the single source of statistics, data, research, and referrals useful for developing or implementing drug policy. This service began in 1987 with funding from the Bureau of Justice Assistance (BJA) and the Bureau of Justice Statistics (BJS). Since 1994, the Clearinghouse has been affiliated with the National Criminal Justice Reference Service (NCJRS), and funded by ONDCP. Clearinghouse staff respond to drug policy information requests from Federal, State, and local policymakers; criminal justice and public health practitioners; researchers and academicians; the media; and the general public.

**5. Formal National Security Process Involvement.** As the Agency within the Executive Branch responsible for leading drug control policy, ONDCP oversees the implementation and coordination of the activities and policies called for in the *National Security Strategy* and subsequently detailed in the *National Drug Control Strategy*. This includes everything from coordinating drug control efforts between various Federal Agencies to overseeing the progress of the national media campaign to raise public awareness to drug abuse.

It is also important to note ONDCP's interaction with DoD and the military in the national drug control effort. DoD has four overarching responsibilities in this effort:

**(i)** Serving as the single lead Agency of the Federal Government for the detection and monitoring of aerial and maritime transit of illegal drugs into the U.S.

**(ii)** Integrating Command, Control, Communications, Computers and Intelligence (C4I) assets of the Federal Government dedicated to drug interdiction into an effective communications network.

**(iii)** Approving and funding Governors and State drug interdiction and counterdrug activities plans for expanded use of the National Guard, when not in Federal service, in support of drug interdiction and counterdrug activities and other State activities.

**(iv)** Providing additional support, equipment and facilities to other Agencies for counter-drug purposes such as training, maintenance, transportation, information exchange, construction, and intelligence analysis.

This interaction has both domestic and international aspects. On the domestic side, in addition to use of the National Guard by the individual States, DoD and the military provide support to law enforcement Agencies and participate in "transit zone interdiction support." With regards to law enforcement support, Joint Task Force-Six (JTF-6) coordinates all DoD Title 10 support to domestic law enforcement Agencies. This support is provided by both Federal and Reserve Components to drug law enforcement Agencies throughout the U.S., along the

Southwest Border, and Puerto Rico.<sup>7</sup> JTF-6 is a multi-service command established in 1989 and is composed of approximately 159 soldiers, sailors, Marines, airmen, and civilian employees. It synchronizes and integrates DoD operational, technological, training and intelligence support to domestic law enforcement Agencies' counter-drug efforts in the continental U.S. to reduce the availability of illegal drugs. This support is categorized as operational support (military units providing tactical support through the execution of mission related training), general support (augmentation of law enforcement Agencies with military specific skills, training, etc.), engineer support (horizontal and vertical construction; road and range repair, etc.), and intelligence (linguists, analysts, imagery, etc.).<sup>8</sup>

Geographically-oriented, national counterdrug task forces known as Joint Interagency Task Forces (JIATFs) are involved in transit zone interdiction support. There are currently three JIATFs coordinating and directing as necessary the detection, monitoring, and sorting of suspect drug trafficking aircraft, maritime vessels, and (where applicable) ground traffic. JIATF-East is based in Key West, Florida, and is primarily focused on countering illicit drug trafficking that is conducted in Central America, the Caribbean, and the Atlantic Ocean. JIATF-South was previously forward deployed in Panama and concentrated on supporting the counterdrug initiatives of source countries. However, in 1999, its mission was absorbed by JIATF-East. JIATF-West, based in Alameda, California, performs a dual role: 1) detection and monitoring in the Eastern Pacific, and 2) support to Country Teams and drug law enforcement Agencies throughout the U.S. Pacific Command. JIATF-West focuses primarily on the trafficking in heroin and other illegal drugs originating in this region and the coordination of support to our partner nations within the regions.<sup>9</sup>

In the international arena, DoD and the military provide training, equipment, logistics, intelligence, and communications support to help host nations improve their operational capabilities and overall effectiveness against drug trafficking. DoD efforts to support source nations include: detection and monitoring assets, such as ground based radars deployed to Peru and Colombia, and E-3 AWACS operations; Special Operations Forces deployments to train participating nation counterdrug forces (e.g., training support for a special Colombian Army anti-narcotics battalion); and the Command Management System and other critical command and control links vital to support law enforcement and interdiction operations.

**A. Strategy Development:** The *1999 National Drug Control Strategy* encompasses the policies and activities required to counter what the *National Security Strategy* calls a “threat to U.S. interests” and is therefore tailored to meet the objective of “enhancing security at home and abroad.”<sup>10</sup>

**B. Policy, Guidance, and Regulation:** No current involvement.

**C. Planning:** No current involvement.

**D. Mission Execution:** No current involvement.

---

<sup>7</sup> ONDCP website.

<sup>8</sup> Joint Task Force-Six (JTF-6) website (<http://www-jtf6.bliss.army.mil/html>).

<sup>9</sup> ONDCP website.

<sup>10</sup> The *National Security Strategy*.

**E. Observation, Orientation, and Oversight:** The Director of ONDCP is responsible for reviewing and certifying the drug control budgets of other Federal Agencies to ensure compliance with the goals and objectives set forth in the *National Drug Control Strategy*. These Agencies are: the Department of Agriculture, Department of Defense, Department of Education, Department of Health and Human Services, Department of Housing and Urban Development, Department of the Interior, Department of Justice, Department of Labor, Small Business Administration, Department of State, Department of Transportation, Department of the Treasury, and the Department of Veterans Affairs.<sup>11</sup> ONDCP's work with the Departments of Justice, Treasury, Transportation, State, and Defense focuses mainly on supply reduction, while its activities with the Departments of Health and Human Services and Education are generally centered on demand reduction.

**F. Preparation:** No current involvement.

**G. Resourcing:** ONDCP does not resource programs directly. The individual Agencies are responsible for resourcing their drug control efforts based on budgets that are planned and developed in line with the goals and objectives in the *National Drug Control Strategy* and that are reviewed and certified by ONDCP. The strategy contains Performance Measures of Effectiveness (PMEs) that provide measurable milestones for the Agencies, which in turn aid the development of programs and budgets required for fulfilling the overall national plan. ONDCP does, on the other hand, have the legal authority to approve and disapprove Agency budgets and programs based on their compliance with the *National Drug Control Strategy*. Furthermore, ONDCP, in conjunction with the Office of Management and Budget (OMB), can request an increase or decrease in funding for an Agency if it deems it necessary. However, these issues are generally settled between ONDCP and the particular Agency before that Agency submits its budget and plan for final certification.

**6. Informal National Security Process Involvement.** None.

## **7. Funding and Personnel.**

**A. Authorization and Appropriations:** ONDCP is included in the appropriation for Executive Office of the President.

**B. Funding Sources:** ONDCP is funded through the Executive Office of the President.

**C. Budget:** The 1999 budget for ONDCP was \$36M.<sup>12</sup> The overall national drug control budget that ONDCP oversees was approximately \$18B for FY99.<sup>13</sup>

**D. Personnel:** ONDCP is authorized a personnel end-strength of 154 persons—124 full time employees and 30 detailees (from DoD).<sup>14</sup>

**8. Conclusions and Observations.** The Office of National Drug Control Policy was established to centralize the overall direction and management of the country's drug control effort. In this

---

<sup>11</sup> ONDCP website.

<sup>12</sup> Budget of the United States Government.

<sup>13</sup> ONDCP website.

<sup>14</sup> ONDCP 9/8/99.

capacity, it has served as a coordinator and “overseer” of the various Federal Agencies’ individual drug control programs and budgets. In addition, ONDCP works to direct and enhance drug control plans at the State and local levels. Through these management efforts, ONDCP and its Director work to fulfill the goals and objectives codified in the *National Drug Control Strategy* and called for in the *National Security Strategy*: reduction in the Nation’s supply and demand for illicit narcotics.

## **ORGANIZATIONAL DESCRIPTION**

# **THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY (OSTP)**



*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## **EXECUTIVE SUMMARY**

### **The Office of Science and Technology Policy (OSTP)**

#### **Overview**

The Office of Science and Technology (OSTP) was established by Title II of Public Law 94-282 in May 1976 and is part of the Executive Office of the President. The Act states that the Office shall serve as a source of scientific, engineering, and technological analysis and judgment for the President with respect to major policies, plans, and programs of the Federal Government. OSTP is responsible for advising the President of scientific and technological considerations involved in areas of national concern; evaluating the scale, quality, and effectiveness of the Federal effort in science and technology and advising on appropriate actions; advising the President on scientific and technological considerations with regard to Federal budgets; and assisting the President in providing general leadership and coordination of the research and development programs of the Federal Government.

#### **Organization**

OSTP is organized into five subordinate functional divisions: Budget and Administration, Environment, Science, National Security and International Affairs, and Technology. It also contains the National Science and Technology Council (NSTC) and the President's Committee of Advisors on Science and Technology (PCAST). The NSTC is responsible for coordinating the diverse parts of the Federal research and development enterprise, while PCAST provides feedback about Federal programs and actively advises the NSTC about science and technology issues of national importance. OSTP is comprised of a Director (who also carries the title of Assistant to the President for Science and Technology) and 40 staffers (full-time employees and detailees). Detailees are assigned from various Federal Agencies with science and technology agendas, such as National Aeronautics and Space Administration (NASA). OSTP had a budget of \$5M for Fiscal Year 1999.

#### **Role in Formal and Informal National Security Processes**

OSTP serves in an advisory role in the formal national security process. It provides the President with advice on matters in the science and technology arena and coordinates interagency research and development investment plans. Like some of the other advisory bodies in the Executive Office of the President, its advice and recommendations may influence the formulation of policy and budget resourcing in the area of science and technology matters.

#### **Conclusions and Observations**

The Office of Science and Technology Policy provides the President advice on science and technology issues. It also serves to coordinate and promote general science and technology policy and cooperation. Although it plays no direct role in the formal national security process, advice and recommendations given by OSTP may influence science and technology policy and budgeting.

## ORGANIZATIONAL DESCRIPTION

### The Office Of Science And Technology Policy (OSTP)

#### 1. Legal Specifications, Authorizations, and Responsibilities.

**A. Authorizing Directive:** The Office of Science and Technology Policy (OSTP) was established by Title II of Public Law 94-282 in May 1976 and is part of the Executive Office of the President.<sup>1</sup> The Act directs the Office to serve as a source of scientific, engineering, and technological analysis and judgment for the President for major policies, plans, and programs.

**B. Department/Agency Directives:** The following legislation has bearing on OSTP:<sup>2</sup>

**(1) Executive Order 12881 (November 1993)** established the National Science and Technology Council.

**(2) Executive Order 12882 (November 1993)** established the President's Committee of Advisors on Science and Technology.

#### 2. Missions/Functions/Purposes.

**A. Major Responsibilities:** OSTP's responsibilities are as follows:<sup>3</sup>

**(1)** Advise the President of scientific and technological considerations involved in areas of national concern;

**(2)** Evaluate the scale, quality, and effectiveness of the Federal effort in science and technology and advise on appropriate actions;

**(3)** Advise the President on scientific and technological considerations with regard to Federal budgets; and

**(4)** Assist the President in providing general leadership and coordination of the research and development programs of the Federal Government.

**B. Subordinate Activities and Agencies:** The following bodies are organizationally subordinate to OSTP. However, they work in conjunction with OSTP and especially with the Assistant to the President for Science & Technology:<sup>4</sup>

**(1) The National Science and Technology Council (NSTC)** is a Cabinet-level Council and is the principal means for the President to coordinate science, space, technology,

---

<sup>1</sup> Public Law 94-282 (also referred to as the "National Science and Technology Policy, Organization and Priorities Act of 1976").

<sup>2</sup> Office of Science and Technology (OSTP) website ([http://www.whitehouse.gov/WH/EOP/OSTP/html/OSTP\\_Home.html](http://www.whitehouse.gov/WH/EOP/OSTP/html/OSTP_Home.html)).

<sup>3</sup> OSTP website.

<sup>4</sup> The Assistant to the President for Science & Technology is a member of both bodies.

and the diverse parts of the Federal research and development enterprise.<sup>5</sup> The President chairs the NSTC. Membership consists of the Vice President, Assistant to the President for Science and Technology, Cabinet Secretaries and Agency Heads with significant science and technology responsibilities, and other White House officials. An important objective of the NSTC is to establish clear national goals for Federal science and technology investments including information technologies and health research, transportation systems, and fundamental research. The Council, along with the Office of Management and Budget (OMB), prepares research and development strategies and corresponding budgets that are coordinated across Federal Agencies to form an investment package aimed at accomplishing multiple national goals.

One of the most important tasks that the NSTC performs is to prepare coordinated R&D strategies and budget recommendations to orient science and technology toward achieving national goals. To do so, the NSTC established five goal-oriented committees:

**(a) Committee on Environment and Natural Resources (CENR)** advises and assists the NSTC to increase the overall effectiveness and productivity of Federal R&D efforts in the area of the environment and natural resources. The CENR addresses science policy matters and R&D efforts that cut across Agency boundaries and provides a formal mechanism for interagency coordination relevant to domestic and international environmental and natural resources issues.

**(b) Committee on International Science, Engineering, and Technology (CISET)** works to increase the overall effectiveness and productivity of Federal efforts in international science, engineering, and technology. The CISET addresses significant international policy, program, and budget matters that cut across Agency boundaries, and provides a formal mechanism for interagency policy review, planning, and coordination, as well as exchanges of information regarding international science, engineering, and technology.

**(c) Committee on National Security (CNS)** advises and assists the NSTC to increase the overall effectiveness and productivity of Federal efforts in national security R&D. The CNS addresses the technical aspects of national policy, planning, and administrative matters that cut across Agency boundaries, and provides a formal mechanism for interagency policy review, planning, and coordination, as well as exchanges of information regarding R&D required to maintain national security.

**(d) Committee on Science (CS)** advises and assists the NSTC, with emphasis on those Federally supported efforts that develop new knowledge in science, mathematics, and engineering, whatever the application. The CS addresses significant national policy matters that cut across Agency boundaries and provides a formal mechanism for interagency science policy development, coordination, and information exchange.

---

<sup>5</sup> The term “Cabinet-level Council” refers to the membership of the Council, which is composed of the President (Chair), the Vice President, Secretary of State, Secretary of the Treasury, Secretary of Defense, Secretary of the Interior, Secretary of Agriculture, Secretary of Commerce, Secretary of Labor, Secretary of Health and Human Services, Secretary of Transportation, Secretary of Energy, Secretary of Education, Secretary of Veterans Affairs, Administrator, Environmental Protection Agency, Director, Office of Management and Budget, Chair, Council of Economic Advisors, Director, Central Intelligence Agency, Assistant to the President for National Security Affairs, Assistant to the President for Science and Technology, Assistant to the President of Domestic Policy, Assistant to the President of Economic Policy, Director, Arms Control and Disarmament Agency, Administrator, National Aeronautics and Space Administration, Director, National Science Foundation, and the Director, National Institutes of Health.

**(e) Committee on Technology (CT)** provides overall technology policy, program, and budget guidance and direction for the Executive Branch. Composed of senior-level representatives from the Federal Government’s R&D Departments and Agencies, the Committee advises and assists the NSTC to increase the overall effectiveness and productivity of Federal R&D efforts in technology. The Committee addresses significant national policy matters that cut across Agency boundaries and provides a formal mechanism for interagency policy coordination and development of Federal technology activities. The Committee places a particular emphasis on the promotion of technology partnerships to more efficiently leverage Federal R&D budgets. Partnership programs under the auspices of the Committee include the Partnership for the Next Generation of Vehicles, the U.S. Innovation Partnership, the Partnership for Advanced Technology in Housing, and programs in Computing, Information, and Communications as authorized under the High Performance Computing Act of 1991.

Each committee is chaired by a senior official or officials from a Federal Agency/Department and is co-chaired by a White House Office of Science and Technology Policy Senate-confirmed Associate Director. Each committee works with its corresponding functional Agency (e.g., Committee on National Security-DoD) to develop and coordinate R&D and investment strategies. These strategies originate in both a “top-down” and “bottom-up” manner. Plans can originate at the NSTC level and move down to the corresponding Agencies; or be proposed at the Agency level and then be supervised and coordinated by the NSTC across the interagency spectrum.<sup>6</sup>

In addition to the five standing committees, the NSTC establishes ad hoc working groups as needed to review and coordinate specific policies or programs that span the interests of the standing committees.<sup>7</sup>

**(2) President’s Committee of Advisors on Science and Technology (PCAST)** is responsible for advising the President on science and technology issues and their roles in achieving national goals and assisting the NSTC to secure private sector participation in its activities. PCAST consists of 19 members, one of whom is the Assistant to the President for Science and Technology, and 18 of whom are distinguished individuals from non-Federal sectors. The President appoints all members. PCAST members have established track records of significant achievement and are representative of the diverse perspectives and expertise in the U.S. science and technology establishment. The Committee is co-chaired by the Assistant to the President for Science and Technology and usually a former industry leader.

PCAST advises the President through the Assistant to the President for Science and Technology. The Committee also serves as a formal channel for private sector advice to NSTC. PCAST ensures private sector perspectives are included in NSTC policy-making.<sup>8</sup>

### **3. Vision and Core Competencies.**

**A. Vision:** None published.

**B. Core Competencies:** None published.

---

<sup>6</sup> OSTP 9/23/99 (POC: Joan Porter 202-456-6100).

<sup>7</sup> OSTP website.

<sup>8</sup> OSTP website.

#### 4. Organizational Culture.

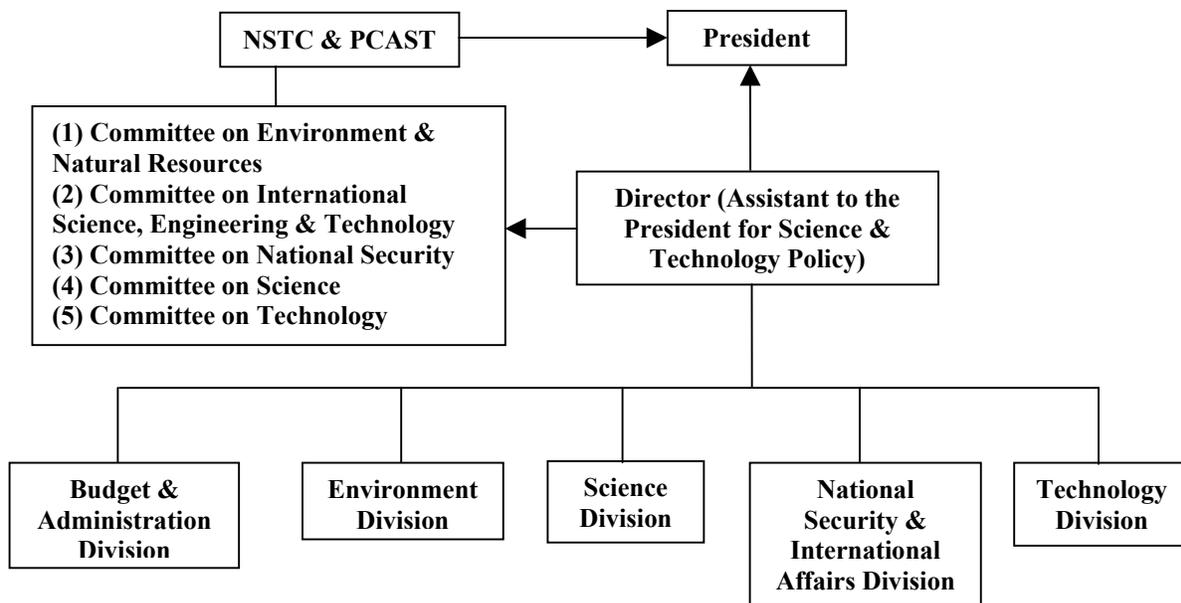
**A. Values:** None published.

**B. Leadership Traditions:** In addition to heading OSTP, the Director also carries the title of Assistant to the President for Science and Technology and is a member of both the NSTC and PCAST. The Director is nominated by the President and confirmed by the Senate; however, he is not a member of the President's Cabinet.

**C. Staff Attributes:** OSTP staff is composed of personnel with backgrounds in various areas of science and technology.

**D. Strategy:** OSTP does not possess a specific strategy. Its purpose is to provide the President with advice and recommendations on science and technology issues and their impact on policy formulation and budget development. OSTP is also responsible for ensuring coordinated science and technology policies across Federal Agencies and enhancing international cooperation in science and technology activities.

**E. Organization Chart:** OSTP is organized as follows:<sup>9</sup>



**(1) Environment:** Ensures a sound scientific and technical underpinning for interagency environmental policies and R&D strategy. Priority policy areas include global climate change, ozone depletion, loss of biological diversity, desertification, deforestation, pesticides and toxic substances, urban and regional air quality, environmental technologies, water quality, hazardous and solid waste, natural hazards, and marine pollution. The division also has responsibility for promoting risk analysis and environmental education programs, and supporting the development of regional ecosystem approaches to environmental protection.

<sup>9</sup> Carroll's Federal Organization Charts & OSTP 9/23/99 (POC: Joan Porter 202-456-6100).

**(2) National Security and International Affairs:** Strategically promotes the contribution of science and technology to national security, global stability, and economic prosperity. Division activities address science and technology policies in national security, the commerce-security nexus, and international engagement to contribute to the quality and productivity of the U.S. science and technology enterprise, and foreign policy goals. National security science and technology policy priorities include nuclear materials security, nuclear arms reduction, non-proliferation of weapons of mass destruction, critical infrastructure protection, and counter-terrorism. Priorities in the commerce-security nexus include international technology transfer, export controls, information security, and dual-use technology policies. Science and technology priorities to strengthen U.S. goals and capabilities through international engagement include science capacity building, science and technology for economic growth and competitiveness, sustainable development, and science and technology to address global threats.

**(3) Science:** Ensures that the United States continues to maintain global leadership in science, mathematics, and engineering research, and that science continues to provide support for the successful resolution of important problems in the areas of health, agriculture, the economy, energy, social well-being, education, and national security. The Division focuses on maintaining a Federal research program that is based on excellence and strongly coupled to education.

**(4) Technology:** Helps to develop and implement Federal policies for harnessing technology to serve national goals such as global economic competitiveness, environmental quality, and national security. The Division's priorities include: sustaining U.S. technological leadership through partnerships to promote the development of innovative technologies; R&D and policy initiatives for advanced computing and communications technologies; advancing technologies for education and training; and the U.S. space and aeronautics program, including the space station.

**(5) Budget & Administration:** Responsible for all aspects of keeping the Agency operating. This includes development of annual budget requests, financial management, management of the OSTP computer center, personnel management, facilities management (space, furniture, equipment), and information management (publications, records management, FACA and FOIA).<sup>10</sup>

As with the committees in the NSTC structure, the OSTP committees (along with Office of Management and Budget) also work in conjunction with their corresponding functional Agency and any other organization that is a stakeholder in its area of specialty to devise and develop research and investment strategies.

**5. Formal National Security Process Involvement.** OSTP plays only an advisory role in the formal national security process. It provides the President with advice on matters in the science and technology arena. On the issue of national security, OSTP provides the President advice and recommendations on science and technology issues with national security implications and ties (e.g., Weapons of Mass Destruction proliferation). OSTP is responsible for coordinating a unified R&D strategy across the interagency spectrum.

---

<sup>10</sup> OSTP website.

**A. Strategy Development:** No direct involvement. However, as part of its mandate, OSTP oversees and coordinates the development and implementation of an integrated R&D investment strategy amongst the various Federal Agencies in an attempt to harness the maximum benefit from the combined U.S. science and technology effort.

**B. Policy, Guidance, and Regulation:** No direct involvement. The advice and recommendations given by OSTP to the President can influence science and technology policy formulation.

**C. Planning:** No current involvement.

**D. Mission Execution:** No current involvement.

**E. Observation, Orientation, and Oversight:** No direct involvement. OSTP, working with the various Federal Agencies, oversees the overall R&D investment strategy to ensure unity of goals and objectives.

**F. Preparation:** No current involvement.

**G. Resourcing:** No direct involvement. As with policy formulation, OSTP's recommendations to the President may influence science and technology budgets. With regard to investment into R&D, OSTP works with the various Agencies and OMB to develop viable strategies and concurrent budgets to achieve them.

**6. Informal National Security Process Involvement.** OSTP participates on several government and administrative advisory boards that may have strategic inputs. An example of this is the National Security Telecommunications Advisory Committee (NSTAC).

## **7. Funding and Personnel.**

**A. Authorization and Appropriations:** OSTP is included in the appropriation for Executive Office of the President.

**B. Funding Sources:** OSTP is funded through the Executive Office of the President.

**C. Budget:** The 1999 budget for OSTP was \$5M.<sup>11</sup>

**D. Personnel:** OSTP consists of 40 staffers (full-time employees and detailees). Detailees are assigned from various Federal Agencies with science and technology agendas, such as NASA.<sup>12</sup>

**8. Conclusions and Observations.** The Office of Science and Technology Policy was established to provide the President with advice on science and technology issues. It also serves to coordinate and promote general science and technology policy and cooperation respectively. Although it plays no direct role in the formal national security process, the advice and

---

<sup>11</sup> Budget of the United States Government.

<sup>12</sup> OSTP 9/17/99 (POC: Barbara Ferguson (202) 395-7347).

recommendations given by OSTP may serve to influence the development of policy and budgeting with respect to the science and technology arena.

## BIBLIOGRAPHY

### Volume II - Executive Office of the President

5 U.S.C. Appendix 1.

31 U.S.C., Section 1105.

50 U.S.C., Section 402.

"American National Security: Policy and Process," 1993.

Bennett, Lee. Executive Office of the President, Office of National Drug Control Strategy. Telephone interview. 8 September, 1999.

Brouhard, Joseph, Captain. Directorate of Defense Policy and Arms Control Staff Member, National Security Council. Personal interview. 25 October, 1999.

Congressional Research Service. Report Number 98-721 GOV.

Destler, I.M. *The National Economic Council: A Work in Progress*. Washington, D.C.: Institute for International Economics, 1996.

———. "White House national Economic Council Needs More Procedures and More Consistent Presidential Support." Washington, D.C.: Institute for International Economics press release ([www.iiee.com/PRESS/necpres.htm](http://www.iiee.com/PRESS/necpres.htm))

Ebner, Gene. Office of Management and Budget. Personal Interview. July 30, 1999.

Executive Office of the President. Council of Economic Advisers (CEA) (<http://www.whitehouse.gov/WH/EOP/CEA/html/index.html>).

———. National Security Council web site (<http://www.whitehouse.gov/WH/EOP/NSC/html/nschome.html>).

———. National Security Council. *Handbook for Interagency Management of Complex Contingency Operations*. August 1998.

———. National Security Council. *International Crime Control Strategy*, June 1998. (<http://www.whitehouse.gov/WH/EOP/NSC/html/documents/iccs-frm.html>).

———. National Security Council. "The National Security Council and the Interagency Process."

———. Office of Management and Budget. *OMB Circular A-11: Preparation and Submission of Budget Estimates*. Revised, 12 July, 1999. (<http://www.whitehouse.gov/omb/circulars/a11/99toc.html>).

- . Office of Management and Budget. *Strategic Plan, FY1998 – FY2003*. Washington, D.C.: September 30, 1997.
- . Office of Management and Budget. *Circular A-11* (<http://whitehouse.gov/omb/circulars>)
- . Office of National Drug Control Policy (ONDCP). (<http://www.whitehousedrugpolicy.gov/>).
- . Office of Science and Technology (OSTP). ([http://www.whitehouse.gov/WH/EOP/OSTP/html/OSTP\\_Home.html](http://www.whitehouse.gov/WH/EOP/OSTP/html/OSTP_Home.html)).
- . President's Foreign Intelligence Advisory Board (PFIAB) (<http://www.whitehouse.gov/WH/EOP/pfiab/index.html>).
- . President's Foreign Intelligence Advisory Board (PFIAB). Telephone Interview, 5 October, 1999.
- . Office of National Drug Control Policy. "High Intensity Drug Trafficking Areas (HIDTAs): An Overview." (<http://www.whitehousedrugpolicy.gov/enforce/hidta/overview.html>).
- Federal Organization Charts, Carroll Publishing, 1999.
- Federal Register, Vol 63, no. 80, April 27, 1998.
- Federal Register, Vol. 63, 20514 (1998).
- Ferguson, Barbara. Executive Office of the President, Office of Science and Technology Policy. Telephone interview. September 17, 1999.
- General Accounting Office. *Office of Management and Budget: Changes Resulting From the OMB 2000 Reorganization*. Report Number GGD/AIMD-96-50. Washington, D.C.: GAO, December 29, 1995.
- Joint Task Force (JTF) – Six (<http://www-jtf6.bliss.army.mil/html>).
- Kantor, Arnie. Former member of the National Security Council staff and formerly with the Department of State. Personal interview. 1 November, 1999.
- Kerrick, Donald L., Army Lieutenant General. Former Deputy Assistant to the President for National Security. Presentation to the National War College, November 12, 1997.
- Lowenthal, Mark M., and Richard A. Best. *The National Security Council: An Organizational Assessment*, Washington, DC: Congressional Research Service, May 12, 1993 (Congressional Research Service Report 93-517F).
- Miskel, James F. "The Clinton NSC." United States Naval War College.

- Moran, Harry E. Executive Office of the President, Office of Management and Budget. Personal interview, October 7, 1999.
- Public Law 94-282: National Science and Technology Policy, Organization and Priorities Act of 1976, 94<sup>th</sup> Congress, 2<sup>nd</sup> Session, May 11, 1976.
- Public Law 100-690: Omnibus Drug Initiative Act of 1988, 100<sup>th</sup> Congress, 2<sup>nd</sup> Session, November 18, 1988.
- Porter, Joan. Executive Office of the President, Office of Science and Technology Policy. Telephone interview, September 23, 1999.
- Posner, Paul L. and J. Christopher Mihm. House Subcommittee on Government Management, Information, and Technology of the Committee on Government Reform. U.S. House of Representatives, October 6, 1997.
- Samans, Richard M. National Economic Council. Personal interview, January 18, 2000.
- Schick, Allen. *The Federal Budget: Politics, Policy, and Process*. Washington, D.C.: The Brookings Institution, 1995.
- Sestek, Captain Joe. Former NSC staff member. Personal interview, September 7, 1999.
- Stevens, L. Nye. General Accounting Office. House Subcommittee on Government Management, Information, and Technology of the Committee on Government Reform. U.S. House of Representatives, February 7, 1996.
- Stigile, Art. Executive Office of the President, Office of Management and Budget. Personal interview. October 7, 1999.
- Tomkin, Shelley Lynn. *Inside OMB: Politics and Process in the President's Budget Office*. Armonk, N.Y.: M.E. Sharpe, 1998.
- Tower, John G., Brent C. Scowcroft, Edmund S. Muskie. "Organizing for National Security, Report of the President's Special Review Board, 1987," *American Defense Policy*. Peter L. Hays, Brenda J. Vallance, and Alan R. Van Tassel, ed. Baltimore: Johns Hopkins University Press, 1997.
- Tyson, Dr. Laura. Remarks at Appointment to Position [NEC], February 21, 1995. (<http://gos.sbc.edu/t/tyson2.html>).
- Wescott, Robert. National Economic Council. Personal interview, December 21, 1999.
- The White House website. (<http://www.whitehouse.gov>).
- The White House. *The 1999 National Drug Control Strategy* (NDCS), February 8, 1999.
- . *The Budget System and Concepts: Fiscal Year 2000*. Washington D.C.: Government Printing Office, 1999.

- . Executive Order 12863.
  - . Executive Order 12835.
  - . Executive Order 13010.
  - . *A National Security Strategy for a New Century*. May 1997.
  - . *A National Security Strategy for a New Century*. October 1998.
  - . PDD 2, January 20, 1993.
  - . PDD 56 White Paper, *The Clinton Administration's Policy on Managing Complex Contingency Operations: Presidential Decision Directive*, May 1997.  
(<http://www.whitehouse.gov/WH/EOP/NSC/html/documents/NSCDoc2.html>).
  - . Office of the Press Secretary. *Presidential Memorandum on Establishment of the Interagency Commission on Crime and Security in U.S. Seaports*, April 27, 1999  
(<http://209.207.236.112/irp/offdocs/990427-wh-d.htm>).
  - . Office of the Press Secretary. Statement by the Press Secretary. November 3, 1993.
  - . Office of the Press Secretary. Statement by the Press Secretary. September 27, 1994.
  - . Presidential Decision Directive 2, "Organization of the National Security Council." The White House: Washington, D.C., January 20, 1993.
  - . *White House Fact Sheet on Presidential Decision Directive 62*. May 22, 1998.
  - . *White House Fact Sheet on U.S. Counterintelligence Effectiveness*. May 3, 1994.
  - . *White Paper: The Clinton Administration's Policy on Critical Infrastructure Protection: Presidential Decision Directive 63*. May 1998.
- Wilhelm, Richard J. Former member of the Vice President's staff. Personal interview, 26 August, 1999.